GNFC
Azadi Ka Amrit Mahotsav

**Gujarat Narmada Valley Fertilizers & Chemicals Limited**
CIN : L24110GJ1976PLC002903

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

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

No. SEC/BD/SE/AGM
27th August, 2022

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 46th Annual General Meeting of the Company for the Financial Year 2021-22 Compliance under Regulation 30 & 34 of SEBI (LODR) Regulations, 2015.**

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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 2021-22of the Company together with Notice of 46thAnnual General Meeting, scheduled to be held on Tuesday, the 27th September, 2022 at 3:30 PM through Video Conferencing (VC) / Other Audio Visual Means (OAVM). The deemed venue for the 46th Annual General Meeting will be the Registered Office of the Company at P.O. Narmadanagar – 392 015, District: Bharuch.

The Company has sent the same today through email to all the Shareholders of the Company whose email ids are registered with the Company or Depository Participants.

The Annual Report together with Notice is also available on the website of the Company www.gnfc.in and also on the website of e-voting Agency and Company's RTA M/s. Kfin Technologies Limited at https://evoting.kfintech.com

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

Thanking you,

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

CS A C SHAH
COMPANY SECRETARY & GM (LEGAL)

# GROWTH THAT TOUCHES LIVES

GNFC

Gujarat Narmada Valley Fertilizers & Chemicals Limited

46th Annual Report 2021 – 2022

# CORPORATE INFORMATION

## BOARD OF DIRECTORS
(As on 19-08-2022)

Shri Pankaj Kumar, IAS, Chairman
Shri Mukesh Puri, IAS
Shri J P Gupta, IAS
Smt. Mamta Verma, IAS
Smt. Gauri Kumar, IAS (Retd.)
Prof. Ranjan Kumar Ghosh
Shri Bhadresh Mehta
Dr. N Ravichandran
Prof. Piyush Kumar Sinha
Shri Pankaj Joshi, IAS, Managing Director

GNFC

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

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

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

**Cost Auditors**
**M/s Dalwadi & Associates**
Ahmedabad

**Secretarial Auditors**
**Shri Shalin Patel**
Practicing Company Secretary

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

**Registered Office**
P.O. Narmadanagar – 392015, Dist.: Bharuch, Gujarat, India
Website: www.gnfc.in

**46th Annual General Meeting**

Date : 27th September, 2022
Day : Tuesday
Time : 3:30 PM
Venue : The AGM will be conducted through VC/OAVM, pursuant to the circulars issued by the MCA and the SEBI, from time to time.

# CONTENTS



# GROWING MORE, TOUCHING MORE LIVES

***WE ARE...***

- 45+ years old company
- A joint sector enterprise promoted by Government of Gujarat and Gujarat State Fertilisers and Chemicals Limited.
- Established by setting up Fertilizer manufacturing facility & successfully diversified into chemicals & petrochemicals manufacturing using state of the art technologies.
- Situated near NH-8, on prosperous industrial belt of Gujarat.
- Aligned to India's growth story, serving country's critical sectors like agriculture, pharmaceutical, automobile industry, dyes industry and paint and coating industry etc.
- Serving Country by saving over USD 600 Mn FOREX every year.
- Having Strong balance sheet with sound financials.
- Cash positive company with almost ZERO debt.

The Manufacturing and marketing operations started in 1982 by setting up world's largest fuel oil based Single-stream Ammonia Urea Plant. Fertiliser Business having manufacturing of Urea and Ammonium Nitrophosphate (ANP) and marketed under the brand 'NARMADA'.

The company has set up basic Chemical Plants such as Methanol, Formic Acid, Toluene Di-isocyanate, Technical Grade Urea, Weak Nitric Acid, Aniline, Concentrated Nitric Acid, Acetic Acid, Ethyl Acetate and Ammonium Nitrate.

As part of a major initiative in the Internet security domain, IT division (n) Code Solutions has set up a world class PKI facility to offer Digital Signature Certificate & range of PKI based solutions.


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

# GROWING CONTINUOUSLY IS IN OUR NATURE

| Period | Capital Investment | Projects | Avg. Turnover |
|---|---|---|---|
| 1976 | | Inception | |
| 1981-1990 | ₹ 500 Crore | Ammonia, Urea, Methanol-1, Power Plant-I&II, Formic Acid | ₹ 260 Crore |
| 1991-2000 | ₹ 1100 Crore | Methanol-2, NPP complex, Aniline-TDI complex, Acetic Acid, SGGU, CNA-II | ₹ 850 Crore |
| 2001-2010 | ₹ 200 Crore | MSU, Wind Power 21 MW | ₹ 2350 Crore |
| 2011-2020 | ₹ 4500 Crore | CNA-IIII, WNA-II, CPSU, Ethyl Acetate, ASGP, TDI-II, 10 MW Solar Power | ₹ 4950 Crore |

# STRENGTHS THAT MAKE US UNIQUE AND POWER OUR GROWTH

**Forex Saving**
600 million USD of foreign exchange saving every year

**Location**
Situated near NH-8, on propsperous industrial belt of Gujarat

**Manpower**
Never lost a single man-day on account of labour discord

**State of the art technologies**
Absorbed state-of-the art complex technologies from leading technology providers across the globe

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

**Key Chemicals**
India's only manufacturer of Glacial Acetic acid & Aniline

# GROWING MORE TO BE ALL AROUND YOU!

In the
**medicines**
that keep you healthy

In your
**mattresses**
that provides you good sleep

In the
**furniture**
of your home

In the luxurious
**interior & seats**
of your car

The food grains produced using
**fertilizers**

In the
**colors**
of your clothes

In the
**leather** of your shining shoes

In your
**perfume**

# KEY BUSINESS SEGMENTS THAT POWER OUR GROWTH

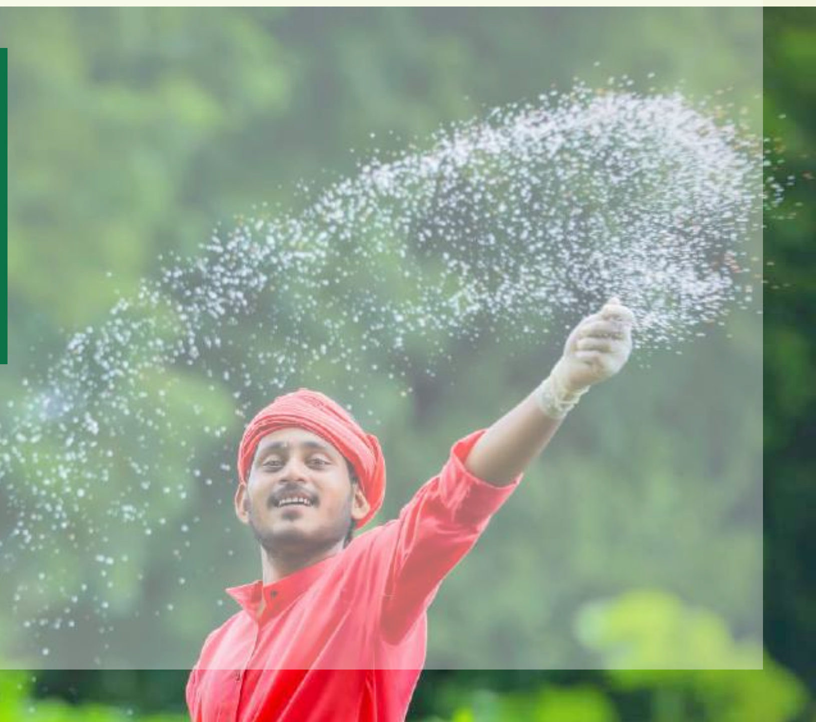
**Major plants & Installed Capacities**

| | Plants | Installed Capacity (KTPA) | Uses/Applications |
|---|---|---|---|
| FERTILIZERS | Urea | 637 | Crop Nutrition. |
| | Ammonium Nitro-Phosphate | 143 | Crop Nutrition. |
| CHEMICALS | Ammonia | 446 | Manufacturing of Urea, Manufacturing of Nitric acid, Refrigerant, Explosives. |
| | Weak Nitric Acid (2 plants) | 348 | CNA, Potassium/Calcium Nitrate, Steel Pickling, Dyes, Pharma, Agro Chemicals. |
| | Methanol (3 plants) | 269 | Formaldehyde, Pharma, Acetic Acid, Dyes. |
| | Concentrated Nitric Acid- (3 plants) | 116 | Nitro Aeromatics, TDI, Aniline, Ammunition, Pharma. |
| | Acetic Acid | 100 | PTA, Ethyl Acetate, Acetic Anhydride, Agrochemicals. |
| | Toluene Di-Isocyanate (2 plants) | 64 | Flexible PU, Mattresses, Car Seating, Adhesives, Elastomers, Coating. |
| | Ethyl Acetate | 50 | Paints, Inks, Pharma, Packaging, Adhesives, AL Foils, Laminators/Varnishes. |
| | Aniline | 35 | Pharma, Rubber, Dyes & Intermediates, MDI. |
| | Formic Acid | 10 | Leather, Rubber, Pharma, Textile. |

**The Company has Three Business Segments Viz. Fertilizers, Chemicals and Information Technology.**

## Fertilizers Segment

The fertilizers manufacturing and marketing began with the establishment of one of the largest Single-stream Ammonia Urea Plant. It includes the manufacturing of Urea and Ammonium Nitro phosphate and is marketed under the brand 'NARMADA'.



## Chemical Segment

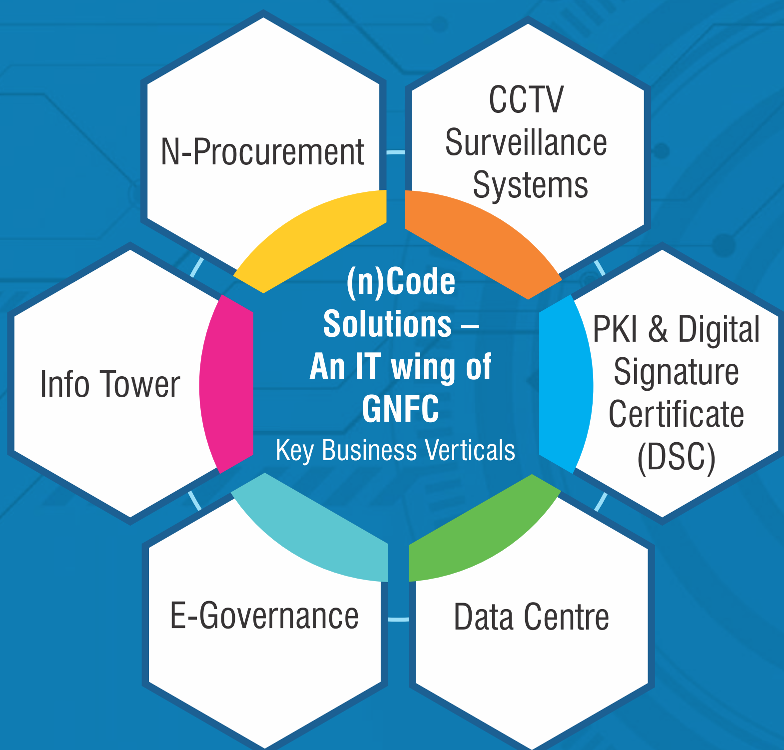
The company has set up core Chemical and Petrochemical Plants such as Methanol, Formic Acid, Toluene Di-isocyanate, Technical Grade Urea, Weak Nitric Acid, Aniline, Concentrated Nitric Acid, Acetic Acid, Ethyl Acetate and Ammonium Nitrate. GNFC is the only producer of Acetic Acid and one of the two producers of Formic Acid in India and has the largest single-stream Aniline plant in India. It is the only manufacturer of Toluene Di-Isocyanate in South East Asia and the Indian Sub-Continent.

## Information Technology

As part of a major initiative in the Internet security domain, GNFC's IT division, (n)Code Solutions has set up a world-class PKI facility to offer a Digital Signature Certificate & range of PKI-based solutions.

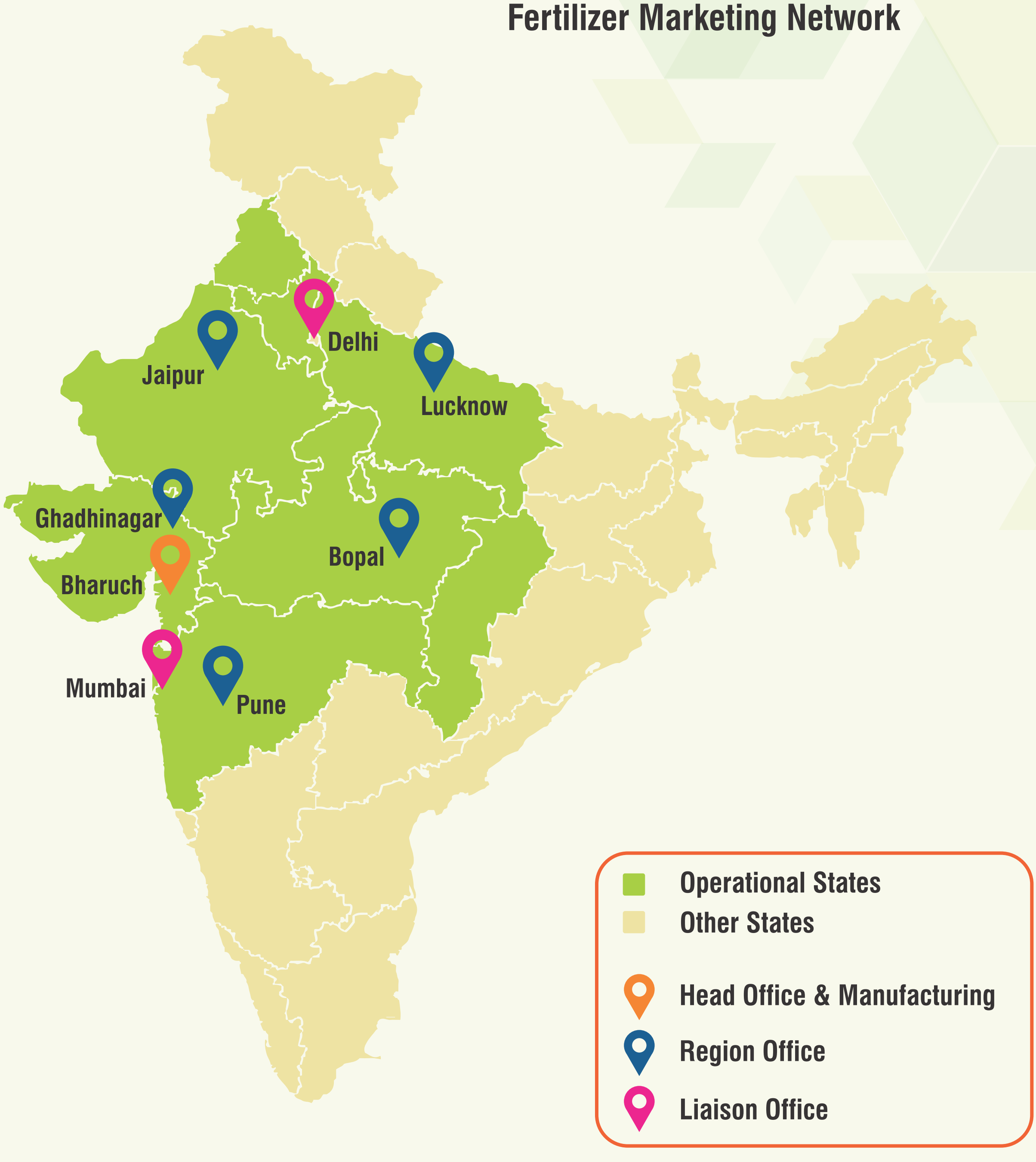
(n)Code Solutions offers Digital Certificates that can integrate with applications such as emails, workflow, enterprise-wide applications, or secure VPNs. The Digital Certificates can be used by individuals, corporations and governments to secure online B2B/B2C applications and other online transactions.

It also provides several value-added IT services and solutions covering System Integration Smart Cities Implementation, e-Auction, e-Procurement, Block Chain and Education Domain, e-Governance, Projects Data Centre's Cloud services, CCTV Surveillance Systems etc.



# THE FOOTPRINTS OF NATION'S AGRICULTURAL GROWTH

## Fertilizer Marketing Network




The Company also has **5** Area Offices at

Mehsana | Rajkot | Bhavnagar | Vadodara | Surat

and

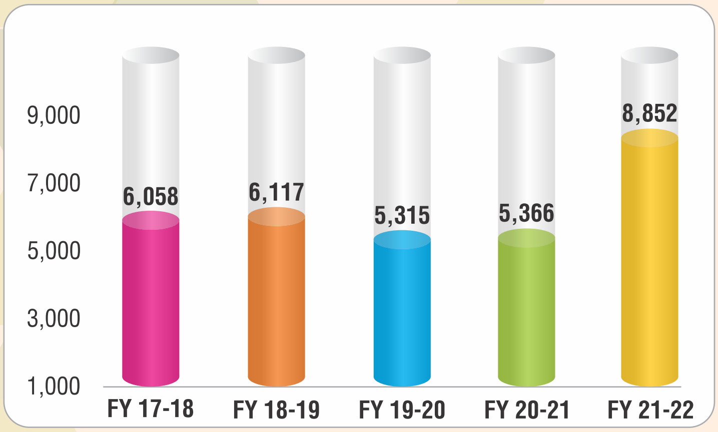
**49** Fertilizer Retail Outlets (NKSKs) in Gujarat.

# BETTER GROWTH, BRIGHTER FUTURE

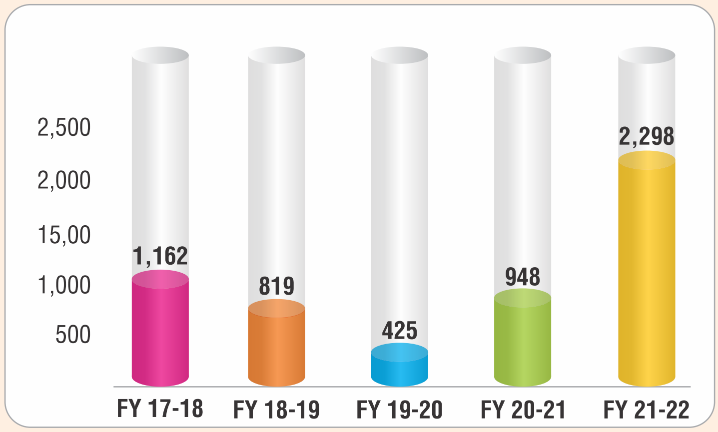
## Financial Trends and Value Creation

(₹ Crores, except per share data)

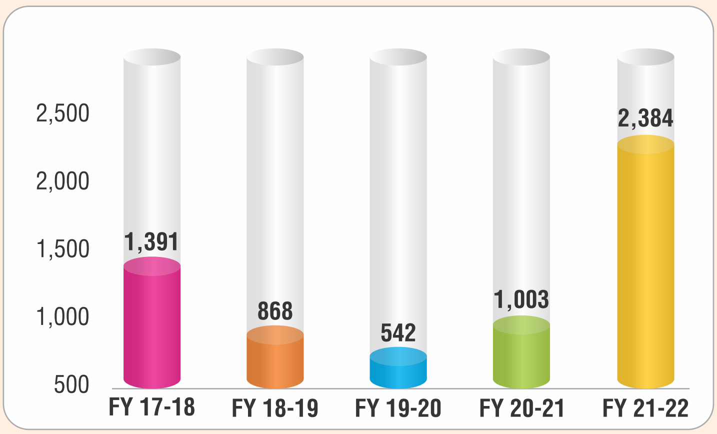
### TOTAL REVENUE



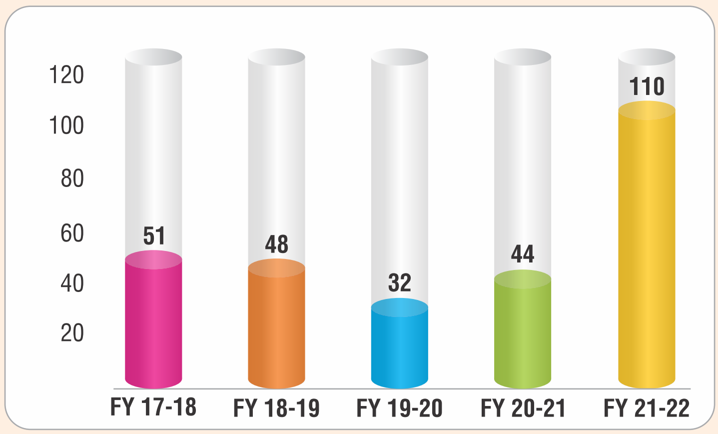

### PROFIT BEFORE TAX



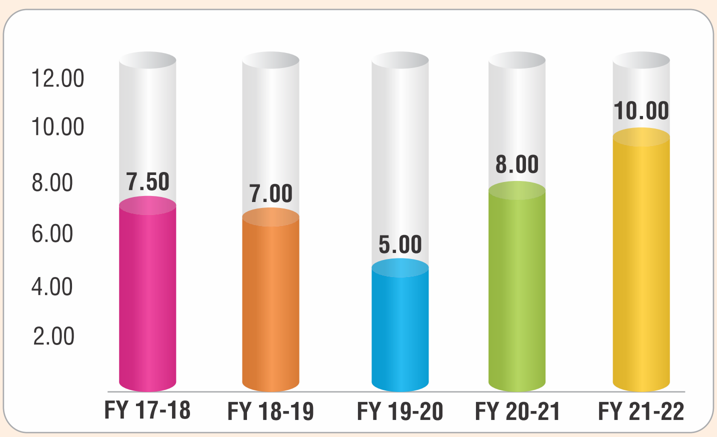

### EBITDA



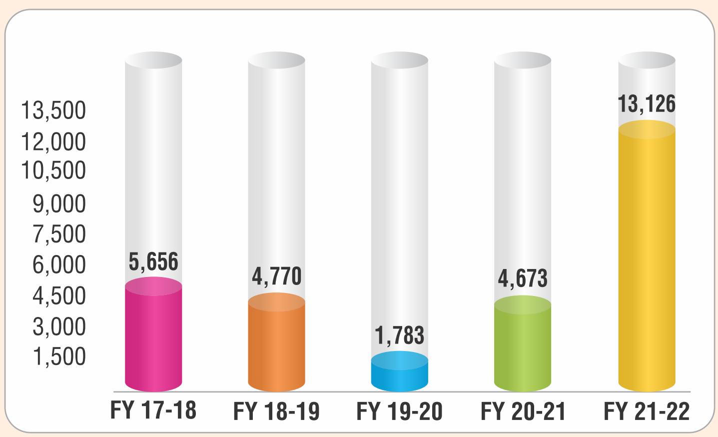

### EARNINGS PER SHARE




### DIVIDEND PER SHARE




### MARKET CAPITALIZATION



# A DECADE OF PERFORMANCE, A DECADE OF PROGRESS

## Ten Years Standalone Financials At A Glance

(₹ Crores, except per share data)

| PARTICULARS | FY 21-22 | FY 20-21 | FY 19-20 | FY 18-19 | FY 17-18 | FY 16-17 | FY 15-16 | FY 14-15 | FY 13-14 | FY 12-13 |
|---|---|---|---|---|---|---|---|---|---|---|
| **KEY PROFIT AND LOSS ITEMS** | | | | | | | | | | |
| Total Revenue | 8,852 | 5,366 | 5,315 | 6,117 | 6,058 | 5,170 | 5,098 | 4,988 | 5,196 | 4,527 |
| EBITDA * | 2,384 | 1,003 | 542 | 868 | 1,391 | 653 | 548 | 309 | 616 | 593 |
| Finance Cost | 3 | 20 | 5 | 6 | 100 | 203 | 297 | 275 | 92 | 63 |
| Depreciation & amortization | 292 | 272 | 264 | 263 | 270 | 251 | 251 | 209 | 145 | 149 |
| PBT | 2,298 | 948 | 425 | 819 | 1,162 | 715 | 268 | (452) | 424 | 422 |
| Tax | 594 | 259 | (74) | 78 | 372 | 194 | 95 | - | 132 | 149 |
| PAT | 1,704 | 689 | 499 | 741 | 790 | 521 | 173 | (452) | 292 | 273 |
| Total Comprehensive Income | 2,039 | 839 | 357 | 680 | 750 | 561 | 162 | - | - | - |
| **KEY BALANCE SHEET ITEMS** | | | | | | | | | | |
| Fixed Assets (Net Block) | 3,716 | 3,881 | 3,892 | 3,984 | 4,175 | 4,457 | 4,395 | 4,581 | 4,897 | 4,560 |
| Investments | 1,222 | 853 | 596 | 829 | 681 | 762 | 709 | 712 | 132 | 130 |
| Cash, Bank & Deposits | 3,682 | 1,851 | 472 | 395 | 16 | 13 | 10 | 16 | 173 | 221 |
| Total Equity | 7,899 | 5,984 | 5,223 | 4,997 | 4,458 | 3,802 | 3,278 | 3,115 | 2,946 | 2,717 |
| Total borrowings | - | 2 | 859 | 208 | 303 | 1,959 | 3,101 | 3,832 | 3,904 | 3,196 |
| Deferred tax liabilities (net) | 422 | 391 | 316 | 467 | 479 | 387 | 296 | 208 | 336 | 236 |
| **PER SHARE DATA** | | | | | | | | | | |
| EPS | 110 | 44 | 32 | 48 | 51 | 34 | 11 | (29) | 19 | 18 |
| Dividend | 10.00 | 8.00 | 5.00 | 7.00 | 7.50 | 5.00 | 2.00 | - | 3.50 | 3.50 |
| Dividend (%) | 100 | 80 | 50 | 70 | 75 | 50 | 20 | - | 35 | 35 |
| Book Value | 508 | 385 | 336 | 322 | 287 | 245 | 211 | 200 | 190 | 175 |

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

# GROWTH IS ALL ABOUT EMPOWERING MORE LIVES

GNFC has embarked on the journey towards sustainability with the objective of building a sustainable business while generating long term value for its stakeholders.

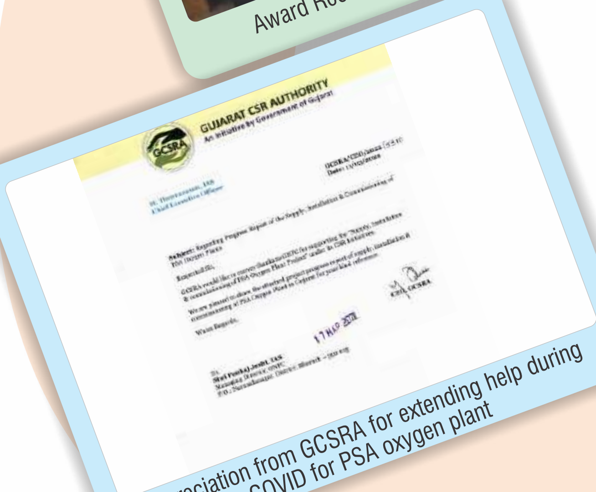
In the modern world, a good corporate citizen recognizes that social and environmental, as well as financial responsibilities are important. To help ensure a good quality of life for all, both present and for generations to come, we need to balance economic prosperity and social progress with care of our planet.

The projects / activities are spearheaded by NARDES, the CSR wing of GNFC plays a catalytic role in addressing the community development challenges, through innovative and sustainable solutions. NARDES is creating positive impact through a multi-thematic programme that reaches out to all segments of the populace.

Award Receiving for supporting armed forces


Distribution of grocery kits in Govt. Schools through "The Akshaya Patra Foundation"


Distribution of home use medicine kits during COVID


GUJARAT CSR AUTHORITY
An initiative by Government of Gujarat

Appreciation from GCSRA for extending help during COVID for PSA oxygen plant


Healthcare services through Mobile Medical Van

Providing Medical Aid to the needy patients of Bharuch


Supplementary Classroom Construction at Rahadpor Govt. School


Rejuvenation of SHG for entrepreneurial activity

Entrepreneurship for Economic and Social Empowerment of Women


Support to Seva Rural Jhagadia for Tribal Students


Upgradation of existing anganwadi into smart anganwadi


Vocational skill upgradation of rural youths


Value Addition to existing Anganwadi Centres

# ADDING MORE TO GROWTH WITH DIVERSE PRODUCTS

**Industrial Products Profile**

| Sr. No. | PRODUCT(S) | APPLICATION(S) |
|---|---|---|
| 1 | Acetic Acid (Glacial) | Acetic Anhydride, Vinyl Acetate Monomer (VAM), Purified Terephthalic Acid (PTA), Monochloroacetic Acid, Acetates, Dyes & Dye Intermediates. |
| 2 | Ammonium Nitrate | Explosives, Herbicides & Insecticides. |
| 3 | Aniline | Acetanilide, Antioxidants, Herbicides, Pigments, Rubber Chemicals: Vulcanizing Agents, Photographic Chemicals: Hydroquinone, Pharmaceutical, Isocyanates: 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, Pesticides, 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 Sulphuric Acid | Ferric Alum, Fertilizer, Textile. |
| 3 | Hydrochloric Acid | Chemical Reagent, Production of gelatine, Household cleaning, Metal Pickling, Textiles, Dye, Intermediates, DCP. |
| 4 | Meta Toluene Diamine (MTD) | Chain extender, Cross linker, Rubber Chemical & dyes, Polyimides, TDI. |
| 5 | Methyl Formate | Dimethylformamide (DMF), Formic Acid, Pharmaceuticals, Metal Foundries, Fumigant & Larvicide for Tobacco, Formulations of Synthetic Flavours. |
| 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 Hypochlorite | Disinfectant, Bleaching Agent, Water Treatment. |

# Standing Up for Society

Standing up for society means taking bold steps in tough times. GNFC took one such bold step by converting their Nitrogen Plant at Bharuch into Oxygen Plant, generating about 60 tons per day of Medical-Grade Oxygen. Fulfilling Bharuch District's demand for 40 tons per day of Oxygen, the company was also able to supply surplus throughout Gujarat, to Rajasthan and Madhya Pradesh as well.

**Certificate of Appreciation from the Ministry of Chemicals and Fertilizers, GoI.**

**GNFC RAISES THE LIQUID MEDICAL OXYGEN (LMO) PRODUCTION TO 60 MT**

In response to the sudden increase in oxygen demand for handling the COVID-19 pandemic situation, GNFC Engineers have taken-up the challenge of boosting the production of Medical grade Liquid Oxygen. Pankaj Joshi, IAS, Managing Director, GNFC mentioned that GNFC made a modest start with daily production of 10 Mts. The production was tripled within one week to 30 MTs. However, as the demand for Oxygen continued to rise further, the Engineers at GNFC took up the challenge and with unabated efforts boosted the production further to 60 MTs, in a very short span. Joshi expressed that GNFC is continuously making efforts to aid the community and the Medical fraternity in controlling the pandemic situation. Till date GNFC has supplied more than 700 MT medical grade liquid oxygen, which is equivalent to 70000 cylinders.

ઓક્સિજનમાં આત્મનિર્ભર ઔદ્યોગિક ભૃગુનગરી : રાજ્યને રોજ ૨૦૦ ટન પ્રાણવાયુ આપે છે

**ભરૂચ જિલ્લામાં ઓક્સિજનનું ઉત્પાદન રોજનું ૨૫૦ ટન અને ખપત ૪૦ ટન**

સરપ્લસ ઓક્સિજન અમદાવાદ, વડોદરા, આણંદ સહિત અન્યને પણ મોકલાય છે

ભરૂચની રોજની ૪૦ ટન ડિમાન્ડ સામે માત્ર GNFC કંપની જ રોજ ફ્રીમાં ૬૦ ટન આપે છે

ઉત્પાદન

**GNFC દ્વારા મેડિકલ ગ્રેડના ઓક્સિજનની ઉત્પાદન ક્ષમતા વધારી નિઃશુલ્ક વિતરણ**


Dispatch of Medical-Grade Liquid Oxygen from GNFC, Bharuch.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 1. Global Economic Scenario:

The global economy, during FY 2021-22, was resurrecting itself from the effects of pandemic led economic pains by the end of calendar 2021 and by the time the much US anticipated Russian attack on Ukraine took place in late February, 2022.

While during the recovery phase energy prices and metal prices specifically was witnessing a surge giving rise to inflationary situations in developed worlds which did not witness so high inflation levels in recent past.

The war in Ukraine has triggered a costly humanitarian crisis that demands an immediate peaceful resolution. At the same time, economic damage from the conflict will contribute to a significant slowdown in global growth in 2022 and add to inflation. Fuel and food prices have increased rapidly, hitting vulnerable populations in low-income countries hardest.

Global growth is projected to slow from an estimated 6.1% in 2021 to 3.6% in 2022 and 2023. This is 0.8 and 0.2 percentage points lower for 2022 and 2023 than projected in January, 2022.

During the year 2022, multilateral efforts will require to tackle the humanitarian crisis, prevent further economic fragmentation, maintain global liquidity, manage debt distress, tackle climate change etc.

The effects of sanctions, whether it cripples Russia or further emboldens it is yet to play out. Much will depend upon the stand of Europe which is highly dependent on Russian energy as far as levels of energy prices are controlled since Russia is very rich in many commodities which are essential for economic growth e.g. Oil, Gas, Precious Metals etc.

Apart from Pandemic and War, France saw re-election of its Prime Minister. Saudi Arabia saw its reserves swelling on the back of oil boom. Countries like Sweden and Finland are trying to be part of NATO while supporting Ukraine. US is mulling its stand and making a calculated move due to nuclear strength of Russia and its publicly pronounced intention of using it in case NATO comes to rescue of Ukraine formally.

Central banks have given clear indication of raising rates to tame inflation.

## 2. Indian Economic Scenario:

Indian economy during 2021-22 also witnessed inflationary situation with Government exchequer burdened with increasing energy bills which also has a spillover effects on subsidies especially fertilizer subsidies.

The foreign exchange reserve position stood at 6,06,475 US$ Mn. as compared to 5,79,285 US$ Mn. as at FY 2020-21, a change of 5%.

India has, so far, continued to trade with Russia and find a way for trade. The key economic indicators are as under:

Indian economy in general has swung back from the effects of carry over effect of Wave-1 and Severe killer effect of Wave-2 at the beginning of Financial Year.

In general, businesses especially Chemicals Industry did quite well. Govt. has announced Production Linked Incentives (PLI) for 14 Industrial Sectors with an expected outlay of ₹ 2.34 Lakhs crores. Chemicals are yet to come under PLI.

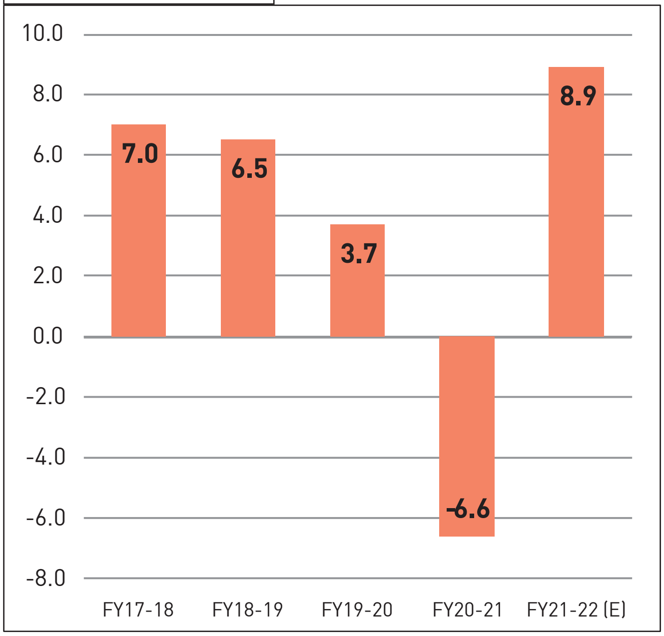
Due to global inflation led by energy prices, there is a spillover effect on Indian Economy and most input prices have witnessed upwardly movement and in some cases all-time highs. Some of the commodities are in high short supplies.

Some States witnessed elections with some yet to witness. On the lines of developed world, India has also witnessed Corporates becoming sensitive on ESG (Environment, Social and Governance) front. Many big corporates have announced plan for clean and green energy with multibillion US dollar equivalent investment. Conference of Parties (COP26) was held to discuss commitments for greening the globe. There are many different types of commitments by participants. As far as India is concerned, it has adopted a stand of Phase Down instead of Phase Out for coal since India is rich in coal reserves and more than 70% energy demands are met through coal. The transition will play out over a longer period of time, say, a few decades from now.

Government is also actively considering plan for hydrogen economy. The investment cycle is yet to test itself due to prohibitive capex but due to sharp focus on the area, the capital costs are expected to come down sharply. This will pave further way for expansion of renewable energy base in economy. Many technology companies are helping for bringing a fair shape to the hydrogen economy.

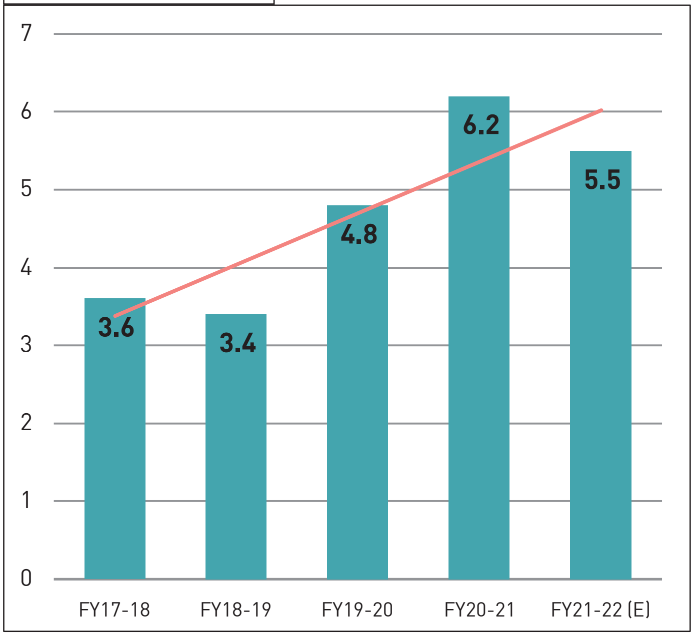
GoI has announced a Capex led budget for the growth of Indian Economy. This has paved way for long term value creation on the back of creation of critical infrastructure required for the economic growth.

**GDP Growth Rate %**




E: Second advance estimates of national income for 2021-22

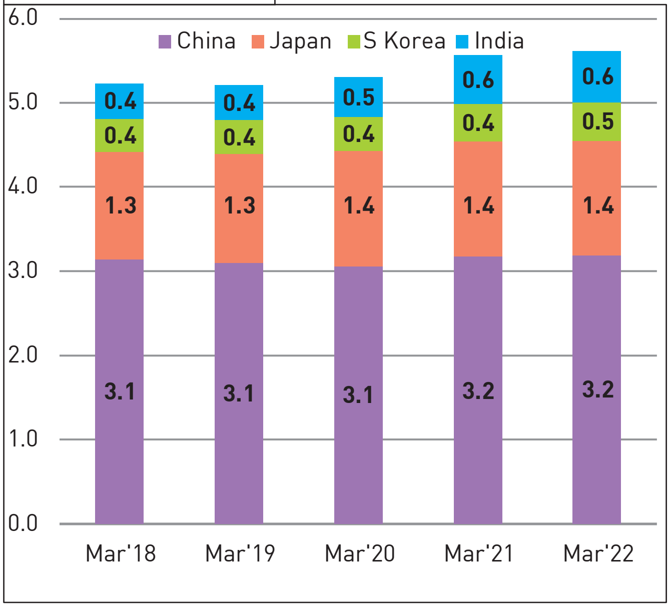
**Inflation %**




Source: RBI

**Forex Reserve**

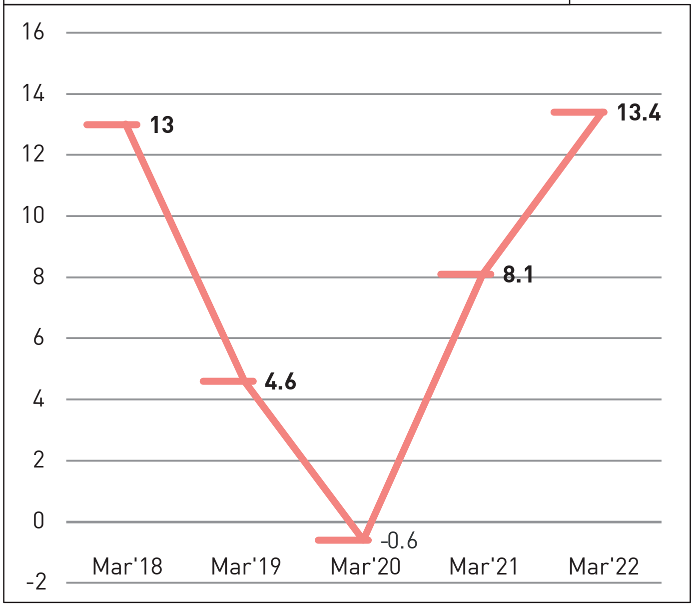
(USD tn.)




Source: Investing.com & RBI

**India Current Account Deficit / Surplus**

(USD Bn.)




Source: RBI

## 3. Industry Structure and Development:

### 3.1. Fertilizer Industry

**Rainfall & Climatic Conditions**

During FY 2021-22, Season-wise rainfall, India as a whole, has been excellent.

| Season | Actual (mm) | LPA (mm) | % |
|---|---|---|---|
| Pre Monsoon | 155 | 132 | 18% |
| Monsoon | 875 | 881 | (1%) |
| Post Monsoon | 178 | 124 | 44% |
| Winter | 59 | 41 | 44% |

Normal Rainfall, consecutively for three years, has positively impacted agriculture in the country and despite pandemic, the Agriculture Sector grown 3.6% in FY 2020-21 & 3.9% in FY 2021-22 **(source – Economic Survey 2022)**. Normal rainfall has also contributed in record food grain production during FY 2021-22. As per second Advance Estimates for FY 2021-22, total Food grain production in the country is estimated at record **316.06 million tonnes** which is higher by 5.32 million tonnes than the production of food grain during FY 2020-21. Further, the production during FY 2021-22 is higher by 25.35 million tonnes than the previous five years' (2016-17 to 2020-21) average production of food grains **(source - https://static.pib.gov.in/).**

**Fertilizer – Production, Imports & Consumption**

Production of Urea, DAP & SSP increased but decreased in NPKs & Imports of Urea, NPK & MOP reduced over FY 2020-21. Sales of all fertilizers reduced except SSP, which is increased by 5 Lakhs MT.

(Qty in LMT)

| Fertilizer | FY 2021-22 | | | FY 2020-21 | | |
|---|---|---|---|---|---|---|
| | Production | Import | Sales | Production | Import | Sales |
| Urea | **251** | **91** | **333** | 246 | 98 | 351 |
| DAP | **42** | **58** | **85** | 38 | 58 | 105 |
| NP/NPK | **90** | **13** | **108** | 101 | 17 | 122 |
| MOP | **0** | **16** | **18** | 0 | 35 | 34 |
| SSP | **53** | **0** | **54** | 49 | 0 | 49 |
| Total | **436** | **178** | **598** | 434 | 208 | 661 |

A reduction of 17% in imports of finished fertilizers and 11% in Sales is observed during FY 2021-22 over previous year.

| % Variance over FY 2021-22 – FY 2020-21 | | | |
|---|---|---|---|
| Fertilizer | Production | Import | Sales |
| Urea | 2% | (8%) | (5%) |
| DAP | 10% | 0% | (24%) |
| NPKS | (12%) | (31%) | (13%) |
| MOP | 0% | (119%) | (89%) |
| SSP | 8% | 0% | 9% |
| Total | 0% | (17%) | (11%) |

**Source - https://reports.dbtfert.nic.in/**

Seemingly, the farmers have gone for other alternatives like Nano Urea, Organic Manures, Phosphate Solubilizing Bacteria, Bio-fertilizers & Mycorrhiza Bio-Fertilizers. The efficacy of these alternative fertilizers, especially of Nano Urea, can only be ascertained after getting actual production/yield data. The SSP is being considered as a best substitute for Phosphatic fertilizers and GoI may consider policy reforms for encouraging its use and production.

**Government Policies – Fertilizers**

Initially, GoI, had kept same NBS rates for FY 2021-22. However, subsidy rates were increased (considering international prices and to ensure availability of phosphatic fertilizers to farmers on the MRP levels as were prevailing during Feb/Mar 2021) for Phosphorus w.e.f. 20-05-2021, which prevailed till 31-03-2022. With this increase DoF had mandated continuation of same or reasonable MRPs by the importers/manufacturers. The increase in subsidy, however, was insufficient and import/production of DAP was not in line with the requirement.

| Subsidy - ₹/MT (FY 2021-22) | | | | |
|---|---|---|---|---|
| Product | Pre Revision | Post Revision | Increase | % Increase |
| DAP | 10,231 | 24,231 | 14,000 | 137% |
| 20:20:00 | 6,735 | 12,822 | 6,087 | 90% |
| 20:20:00:13 | 7,044 | 13,131 | 6,087 | 86% |
| SSP | 2,643 | 7,513 | 4,870 | 184% |
| MOP | 6,070 | 6,070 | 0 | 0% |

GoI, however, announced a special onetime additional subsidy package for following P&K fertilizers effective from 01-10-2021 to 31-03-2022, enabling industry to enhance import for Rabi crops without making losses.

| Name of Fertilizers | Additional Subsidy over and above NBS rates (₹/MT) |
|---|---|
| DAP | 8,769 |
| NPS 20:20:00:13 | 2,000 |
| NPK 12:32:16 | 2,000 |
| NPK 10:26:26 | 2,000 |

The DAP prices were kept unchanged at ₹ 1,200 per Bag. However, industry has been told to price other NPK fertilizers at a reasonable level, as may be deemed fit to them. Even with this special package, the import of DAP remained unviable for the industry.

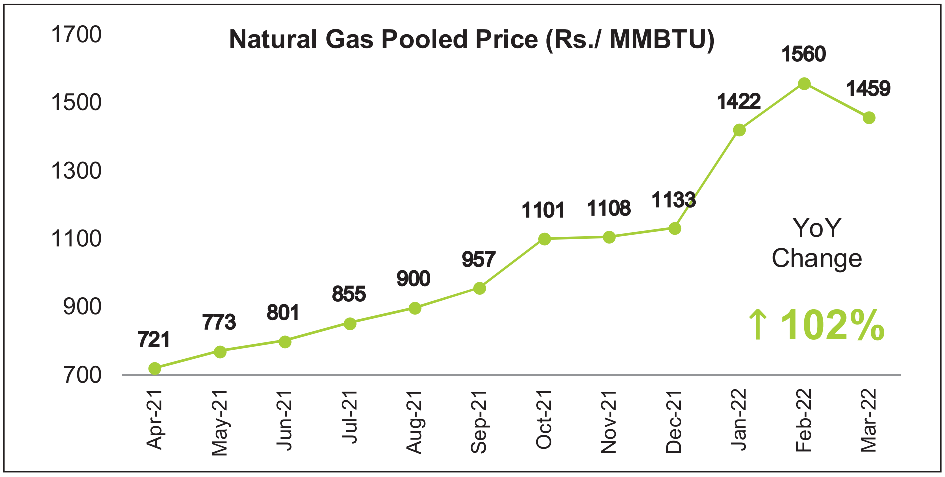
For the H1 FY 2022-23, GoI has further increased the subsidy rates to compensate the higher input cost to the fertilizer industry.

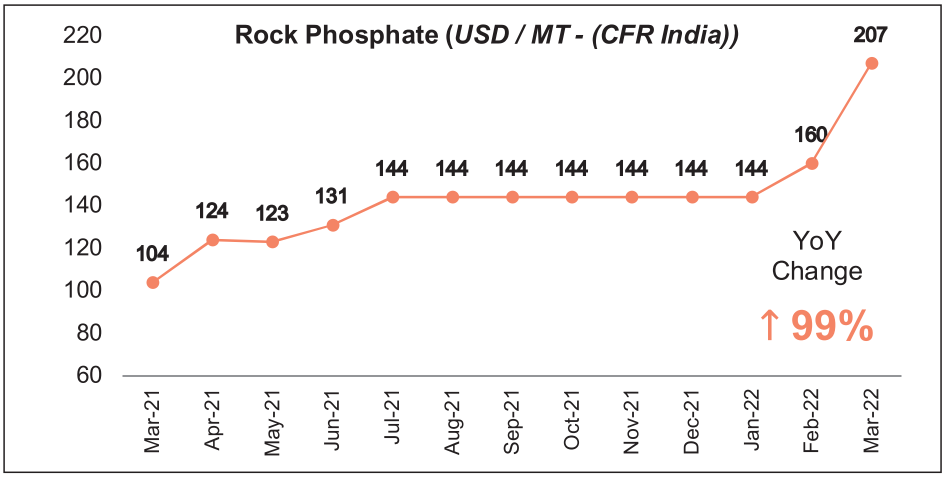
| Subsidy - ₹/MT | | | | |
|---|---|---|---|---|
| Product | FY 2021-22 | H1 FY 2022-23 | Increase | % Increase |
| DAP | 33,000 | 50,013 | 17,013 | 52% |
| 20:20:00 | 12,822 | 32,940 | 20,118 | 157% |
| 20:20:00:13 | 15,131 | 33,842 | 18,711 | 124% |
| SSP | 7,513 | 7,513 | 0 | 0% |
| MOP | 6,070 | 15,186 | 9,116 | 150% |

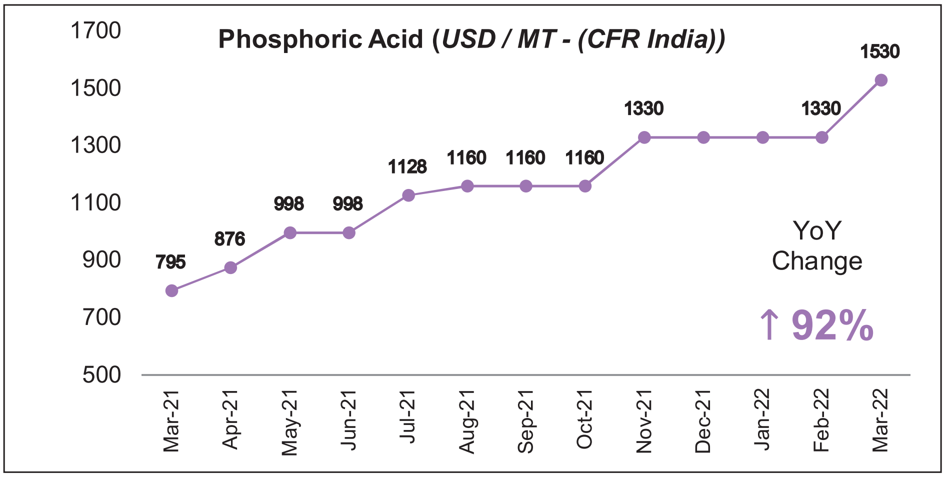
Apart from the increased subsidy rates, timely disbursement of subsidy by GoI to the fertilizer companies has bring some relief to the fertilizer companies particularly in terms of working capitals.

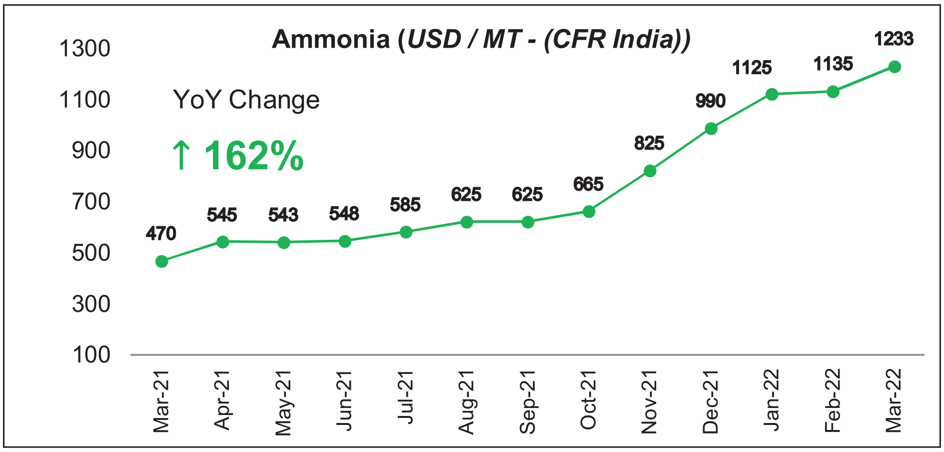
**Raw Material & Fertilizer Price Trend:**

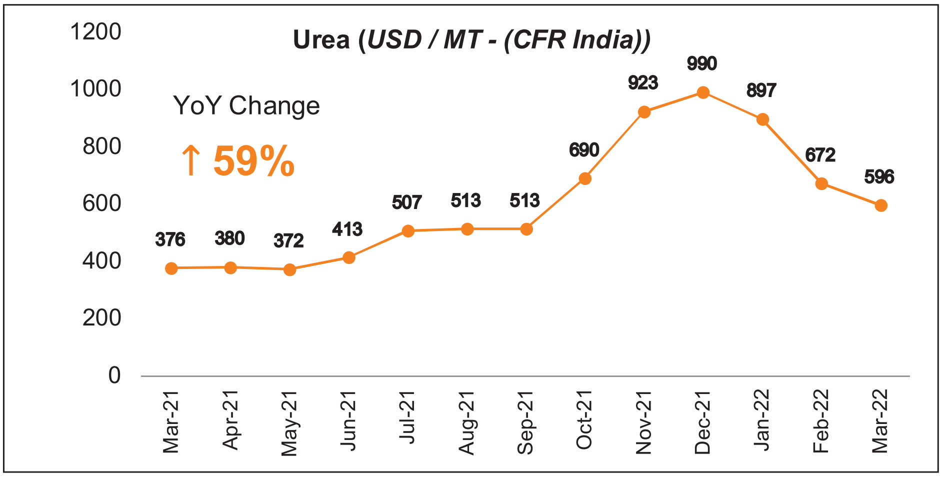
There has been continuous increase in international prices of finished products as well as raw material.

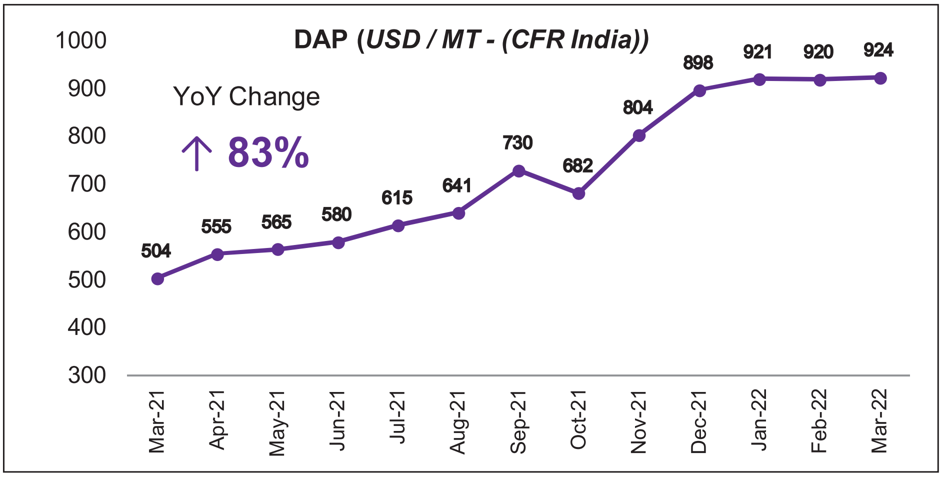





Source : Department of Fertilizer

A major announcement on 06-04-2022, for revising (upwardly) primary (for by road movement from plant/port) & secondary freight for Urea for the FY 2015-16 to FY 2019-20, has brought some respite to the Industry.

**One Nation One Fertilizer**

India's next move in fertilizer is "One Nation One Fertilizer". Minister of Chemical and Fertilizer is discussing on the concept note of "One Nation One Fertilizer" prepared by department of fertilizers, with all veteran of fertilizer industries, Urea manufacturer and FMEs. Fertilizer companies get the Freight subsidy from government which lead to crisscross movement and also brand-wise demand of fertilizers in the specific areas by the farmers. Government want to stop the crisscross movement and confusion among farmers for various brands, as all the Urea has nitrogen content of 46%. The Government's plan is to sell Urea under one brand "Bharat Urea" across the country. The proposed concept is under discussion at ministry level.

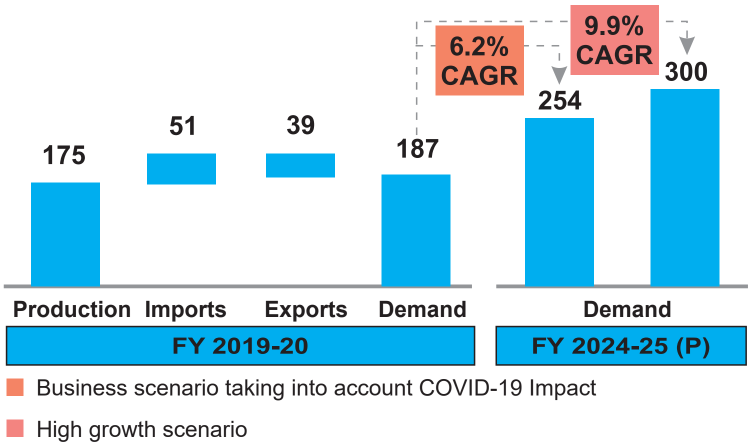
### 3.2. Chemical Industry

Today, India ranks sixth globally and fourth in Asia in terms of global sale of chemicals. More than 80,000 varieties of chemicals and petrochemicals are manufactured in the country, and the industry employs over two million people.

In terms of value, the Indian chemical industry has grown significantly in the last ten years at a CAGR of approximately 7% and 5% between FY 2009-10 to FY 2014-15 and FY 2015-16 to FY 2019-20, respectively. It was estimated to be worth USD 187 billion in FY 2019-20, followed by a reduction in FY 2020-21 (estimated USD 177 billion) as a result of lower demand and supply-chain disruption due to the pandemic.

Chemicals and chemical products are of significant importance in the overall manufacturing sector due to their direct and indirect applications in most industrial segments such as food and beverages, textiles, leather, metal extraction and processing, petroleum refining, pharmaceuticals and rubber. As a result, manufacturing of chemicals is closely related to the manufacturing sector's IIP. Manufacturing of chemicals and chemical products contributed to over 9% of the overall GVA of the manufacturing sector in FY 2019-20.

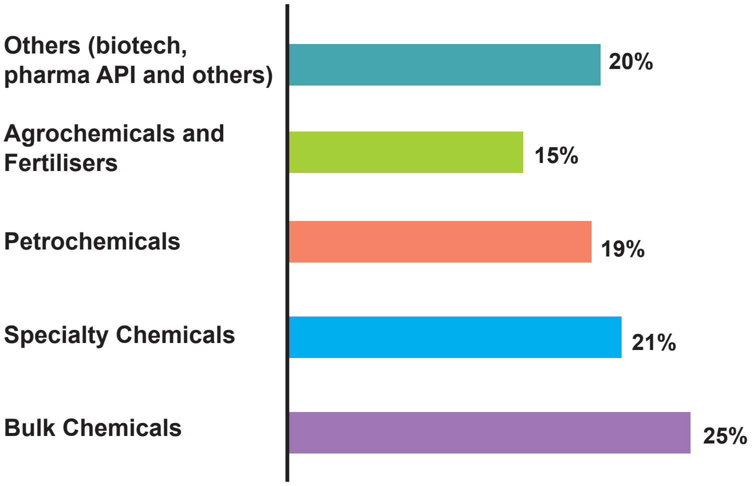
With the IIP of chemical and chemical products manufacturing recovering to pre-COVID levels, the chemical industry is expected to witness a V-shaped recovery by FY 2021-22, similar to India's GDP recovery trend. The industry is expected to grow at a CAGR of 6.4% by FY 2024-25 to reach USD 254 billion. In order to reach USD 300 billion by FY 2024-25, the chemical industry needs to grow at a CAGR of 9.9% in the next five years, which seems achievable considering Government initiatives and the growth in the consumer base, changes in lifestyle, increase in disposable incomes and focus on healthcare and hygiene.




Source: DCPC, FICCI and PwC analysis

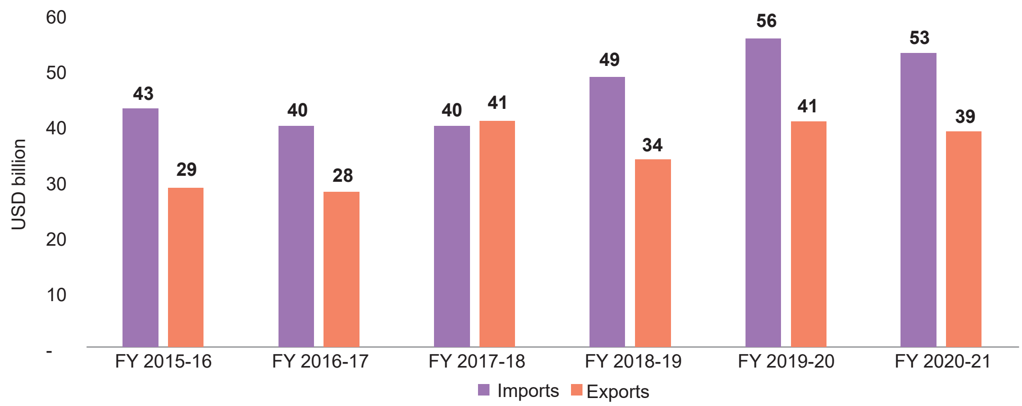
Globally, India ranks sixth in the import and ninth in the export of chemicals and chemical products (excluding pharmaceutical products) respectively. Chemical products contributed 12.9% to India's total exports and 12.8% to India's total imports in FY 2020-21. Its import rate increased at a CAGR of 5.4% between FY 2015-16 and FY 2019-20 with petrochemical intermediates accounting for a major share of over 30% of the total. On the other hand, export of chemicals and chemical products grew at a CAGR of 7.2% between FY 2015-16 and FY 2019-20.

**Chemical industry market by sub segments in FY 2019-20 (in USD billion)**




Source: DCPC, FICCI and PwC analysis

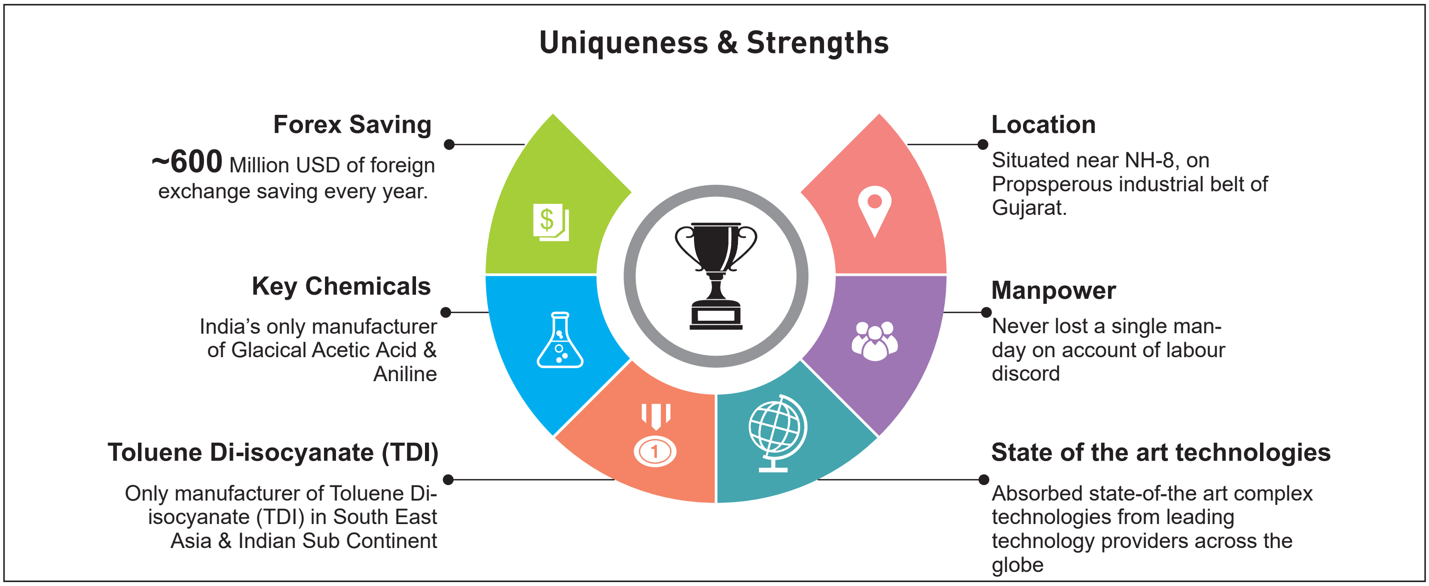
**Import and Export of Chemicals and Petrochemicals from FY 2015-16 to 2020-21 (in USD billion)**




Source: DCPC

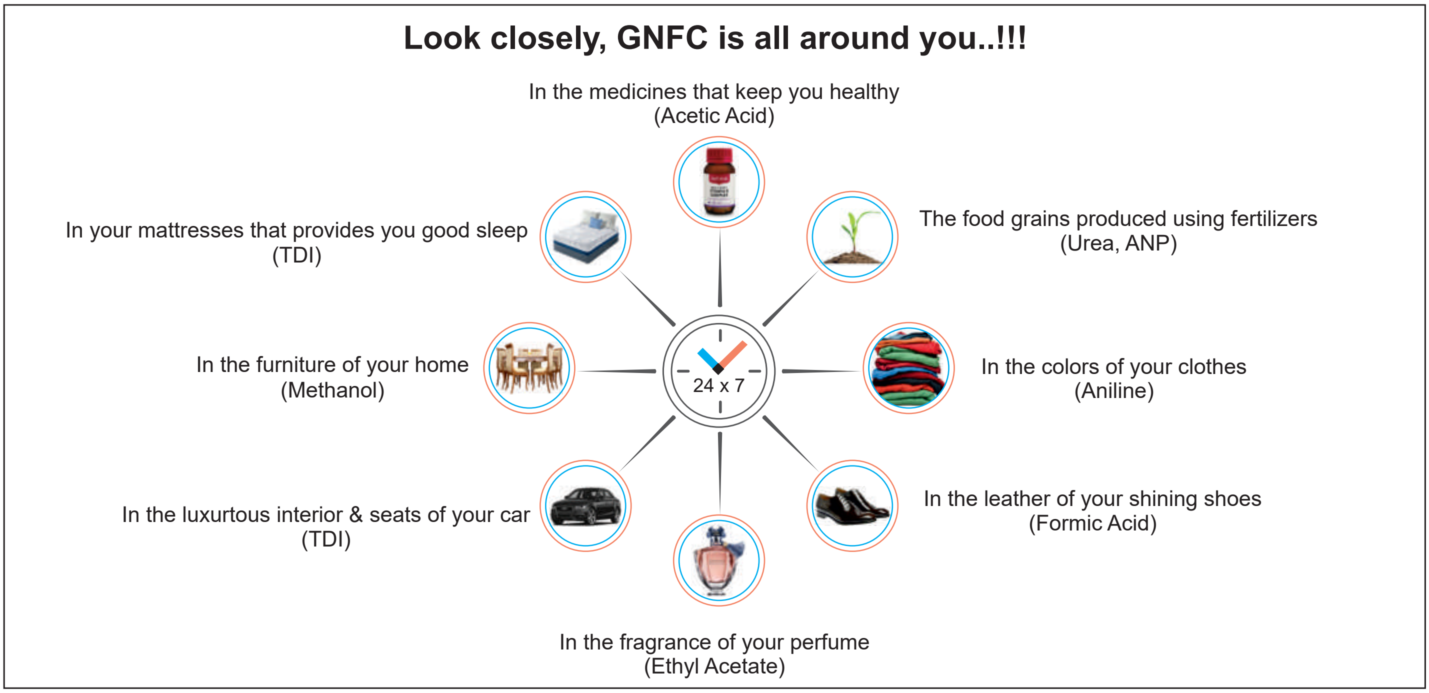
## 4. Overview of Company:

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:




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. Necessary measures are taken e.g. Anti-Dumping duty, applicability of BIS standards, inclusion on PLI scheme etc. through concerned Ministry of GoI. 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:

| Product | Operational Year | Rated Capacity MTPA | Production MTPA | Remarks |
|---|---|---|---|---|
| Ammonia | 1982 | 4,45,500 | 6,67,312 | |
| Urea (Including Tech. Urea) | 1982 | 6,36,900 | 8,19,024 | |
| Methanol - I | 1985 | 50,000 | 12,647 | |
| Formic Acid | 1989 | 10,000 | 20,881 | Revamped in 2004-05 |
| Methanol-II | 1991 | 1,88,100 | 49,266 | Revamped in 2008 |
| Concentrated Nitric Acid-I | 1991 | 33,000 | 33,435 | |
| Weak Nitric Acid-I | 1991 | 2,47,500 | 3,02,002 | Revamped in 1999 |
| Ammonium Nitro Phosphate | 1991 | 1,42,500 | 1,18,560 | |
| Calcium Ammonium Nitrate | 1991 | 1,42,500 | 0 | The plant operation stopped since 2014 due to AN rules |
| Aniline | 1995 | 35,000 | 39,662 | Both plant installed by a separate JV Company Narmada Chematur Petrochemicals Limited |
| Toluene Di-Isocyanate-I | 1998 | 14,000 | 18,338 | |
| Acetic Acid | 1995 | 1,00,000 | 1,57,058 | Revamped in 2002 |
| Syn Gas Generation unit | 1998 | 2,01,960 $KNm^3$ | 10,887 $KNm^3$ | |
| Concentrated Nitric Acid-II | 1999 | 33,000 | 34,450 | |
| Methanol Synthesis Unit | 2006 | 30,600 | 3,129 | |
| Concentrated Nitric Acid-III | 2011 | 50,000 | 53,528 | |
| Weak Nitric Acid - II | 2011 | 1,00,000 | 1,24,098 | |
| Co-generation Power & Steam Unit | 2012 | 2,84,515 | 2,00,662 | |
| Ethyl Acetate Plant | 2012 | 50,000 | 65,725 | |
| Ammonia Syngas Generation Plant | 2013 | Equivalent 3,69,600 MTPA Ammonia | 3,82,555 MT Ammonia | |
| Toluene Di-Isocyanate - II | 2014 | 50,000 | 34,128 | Debottlenecking completed in 2021. |

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.

## 5. Opportunities and Strengths:

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

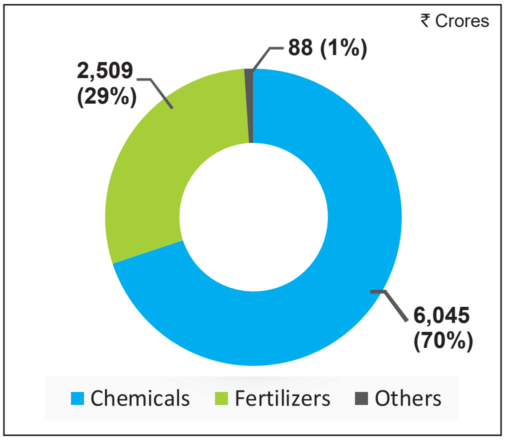
b. Company has entered into Long/Mid Term / Annual Contracts / Agreements for supplies of most of the critical Raw Materials like Coal, Oil, Rock Phosphate, Packaging Materials etc. which are essential for continuous production. Company is continuously trying for broad basing supplier base.

c. In respect of fertilizers and chemicals, both, trading is another opportunity which is being explored.

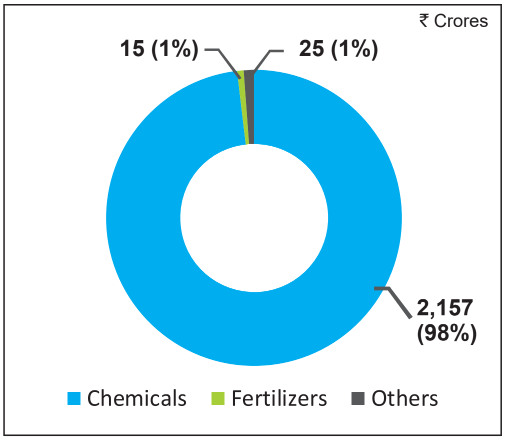
d. For IT business, areas like software, e-Governance to support ever evolving client requirements are likely focus area apart from looking at evolving technologies for foray.

## 6. Segment-wise performance for FY 2021-22:

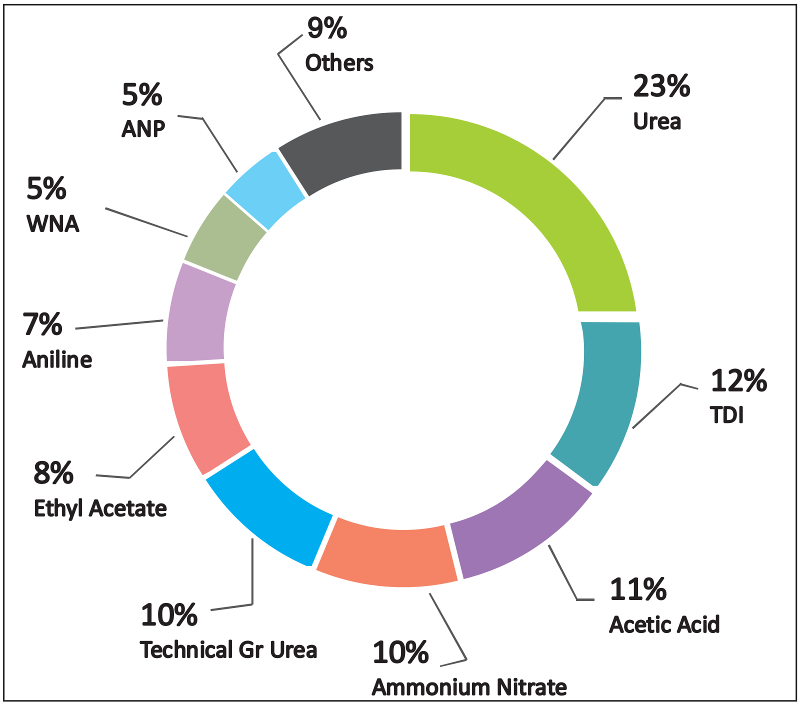
**Revenue**




**Results**




**Revenue Split by product mix**



Fertilizer Segment revenue has been improved by ₹ 758 crores from ₹ 1,751 crores to ₹ 2,509 crores primarily due to claimable subsidy of Urea in view of higher variable cost and higher realization of ANP coupled with revision in subsidy rates of both the fertilizers partly compensated by lower sales volume of ANP and Ammonia. Fertilizer Segment Results improved from loss of ₹ (24) crores to ₹ 15 crores higher by 163 % at ₹ 39 crores mainly due to revision in NBS subsidy, settlement of freight and subsidy rates of Neem Urea, higher volume of Neem Urea, partly compensated by decrease in volume of ANP.

Chemical Segment revenue improved by ₹ 2,740 crores from ₹ 3,305 crores to ₹ 6,045 crores primarily due to higher realization in all the products and due to higher volume in all the products except Methanol, TDI and Acetic Acid. Chemical Segment Results improved from ₹ 874 crores to ₹ 2,157 crores higher by 147% at ₹ 1,283 crores mainly due increase in sales realization across all the products and sales volume in all products except Methanol, TDI and Acetic Acid, which is partly compensated by increase in input cost of Raw Materials and utilities.

The increase in other segment revenue and results mainly represents the improved performance of operational activities of nCode Solutions (IT division).

## 7. Outlook:

### 7.1. Fertilizers Business:

The crisis in the price and availability of agricultural fertilizers will have a major impact on global agriculture, and has even raised fears of food insecurity. The war conflict since last week of February, 2022 in Ukraine initiated by Russia (the largest global exporter of nitrogen fertilizers, the second largest of potassium and the third largest of phosphate fertilizers, according to FAO data) is currently a determining factor, although it should be recalled that the price escalation started more than a year ago with the rise in the price of gas.

According to a global research report, the global fertilizer market is projected to garner a revenue of $251.57 billion and grow at a CAGR of 3.55% during the analysis timeframe from 2022 to 2030.

The Indian Fertilizer Market size reached a value of INR 858 Billion in 2021. The market is expected to reach INR 1,131 Billion by 2027, exhibiting a CAGR of 4.8% during 2022-2027.

To insulate farmers from the sharp increases in the prices, the Centre announced a doubling of fertiliser subsidy to ₹ 2.15 trillion from the budgeted level for FY 2022-23. The move was necessitated by a sharp spike in global prices of Urea, DAP and MoP in the last one year. Despite rising fertiliser prices globally, GoI protected the farmers from such price hikes thereby securing sufficient food availability in the country.

In addition to the fertiliser subsidy of ₹ 1.05 trillion in the Budget, an additional amount of ₹ 1.10 trillion is being provided to further cushion to the farmers.

In order to maintain food security, GoI is proactively considering long term tie-up of essential raw materials, export bans / restrictions, custom duty reduction etc.

### 7.2. Chemicals Business:

The conflict in Ukraine, however, has complicated the outlook significantly. The foremost challenge for the sector is its dependence on import for key basic inputs. In recent times NG price has witnessed, very unusual spurt in prices. Also the price of basic input for industrial products have also increased due to disturbance related to Russia Vs Ukraine War. It is expected that the current geopolitical situation will definitely have impact on chemical industry followed by stabilization & heating up the industry in second half of Financial Year.

## 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. Looking to current geopolitical situation, elevated input cost for key raw materials may affect profitability.

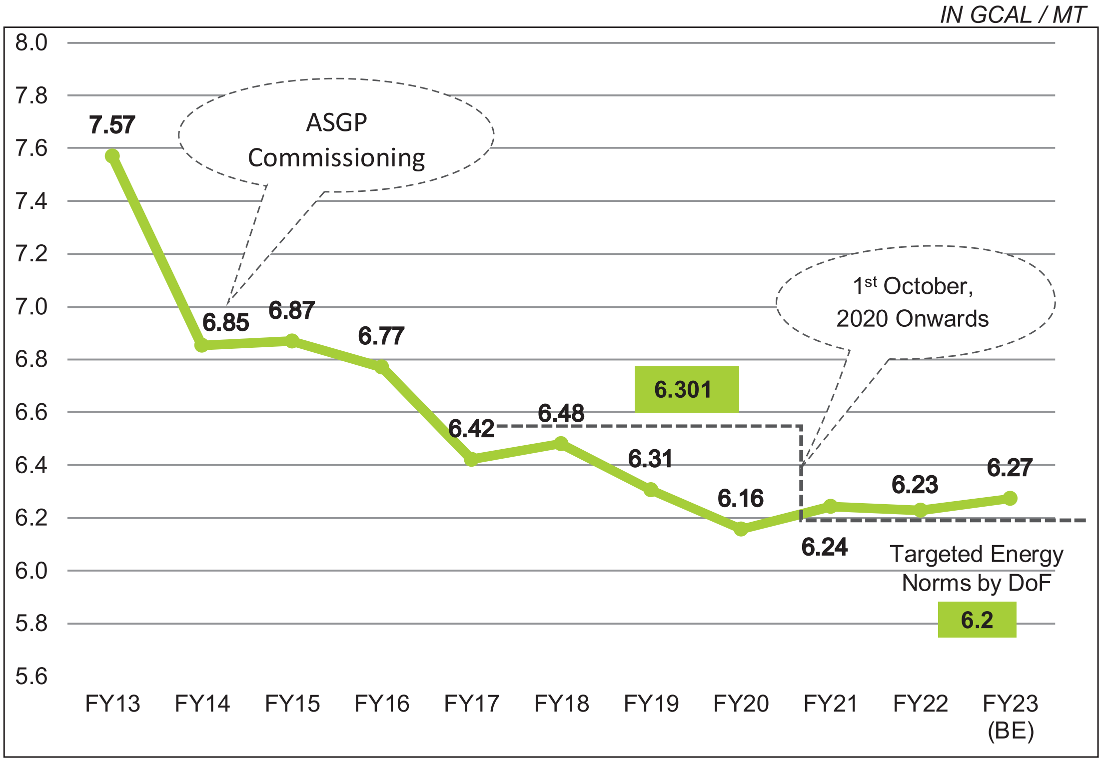
d. NBS support from time to time may not match with actual input costs hence may affect profitable operations.

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

**Urea Energy Norms & Consumption of the Company:**

Over one decade, Company has put their best efforts to bring down its energy consumption of Urea with a capital investment over INR 300 crores. However, even after putting all out efforts, Company was not able to achieve Urea targeted energy norms for FY 2020-21 & FY 2021-22.

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




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

**Risk Management:**

Risks are identified proactively periodically considering inputs from external as well as internal factors along with risk mitigation plans.

Through the mechanism of action taken reports, the identified mitigation plans are monitored for their execution / current status against their set target dates.

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


Risk Management 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 Risk Management Committee meetings, the risk management framework is being further fine-tuned with evolving requirements, both, mandatory as well as voluntary.

In order to further strengthen the Risk Management, the Company has appointed reputed consultant for updating Existing Risk Management Policy and Risk Reporting System.

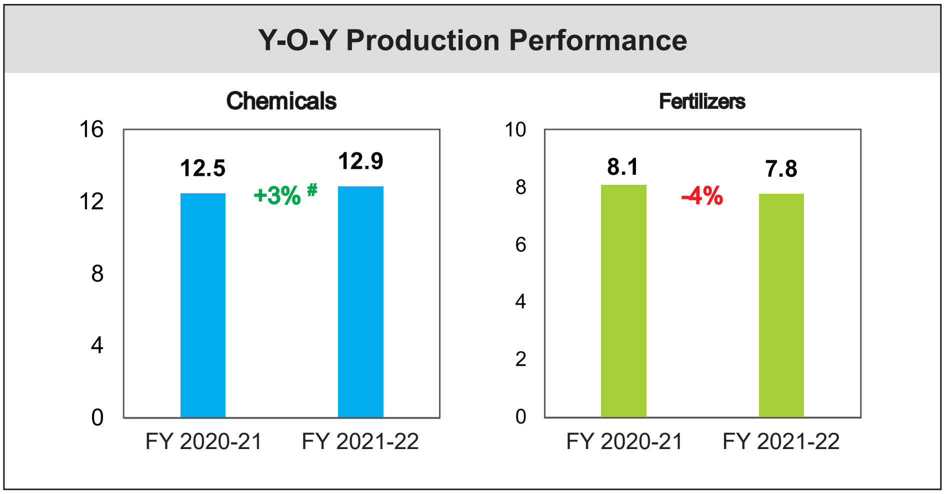
**Risk Categories**


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

## 10. Operational & Financial Performance:

### 10.1. Operational Performance (Production):

Qty. in Lakhs MT




# The volume growth in Chemicals production would have been in double digit in case of affordable NG price.

Ever highest Monthly production achieved for Ammonia, Urea, Ethyl Acetate, Aniline and AN Melt.

Ever highest yearly production achieved for Technical Urea, Ethyl Acetate and AN Melt.

**Ammonia plant** achieved significant performance and production improvement after replacement of Ammonia synthesis gas compressor. Ammonia production consistently maintained > 2,000 MTPD for 113 days.

**Urea plant** had a page of golden year in its history. In this year new equipment were installed & commissioned which give further boost to plant performance and Urea production. First time in history of Urea plant was operated for than 2,500 MTPD for 84 days.

In order to develop alternate source of Jorden Rock phosphate for ANP Plant, Rock Phosphate from Togo was procured and further trials were carried out. After various trials, partial blending of Togo rock with Jordan rock could be established.

During FY 2021-22, TDI-II plant achieved ever highest daily and monthly production numbers. However overall capacity utilization for FY 2021-22 was ~68% due to market constraints followed by increase in prices of raw material disturbing the cost economics of TDI amid global geopolitical events and technical glitches faced in plant particularly during later part of the Financial Year. The advantage of debottlenecking will be realized in years to come.

**ISO 14001:2015 and ISO 45001:2018** certificates from M/s. Bureau Veritas (India) Private Limited for the Bharuch complex are valid up to 03-09-2025.

**ISO 9001:2015 and ISO 50001:2018** certificates from M/s. Bureau Veritas (India) Private Limited for the Bharuch complex is valid up to 07-05-2024 & 13-06-2024 respectively.

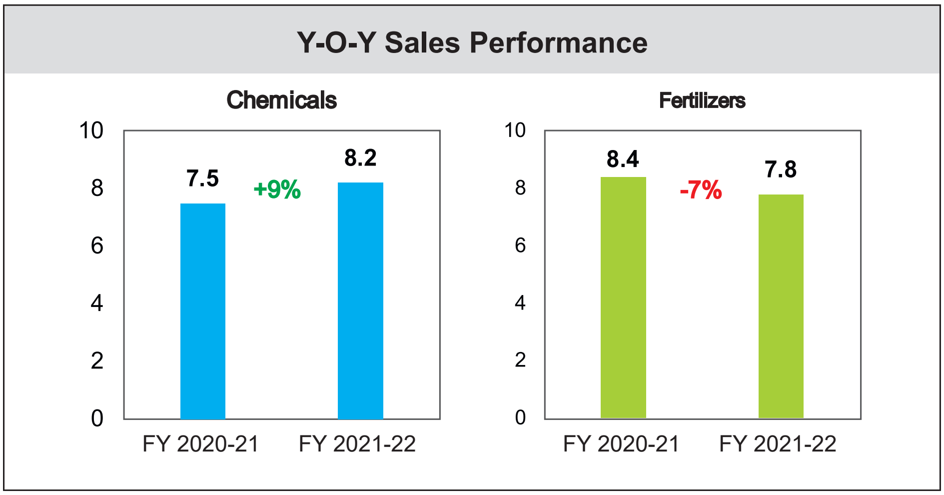
**ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 50001:2018** certificates from M/s. Bureau Veritas (India) Private Limited for Dahej complex is valid up to 23-12-2022.

**10.2. Sales Performance:**

| Chemicals |
| --- |
| 818 thousand MT<br>+ 9% |

| Fertilizers |
| --- |
| 785 thousand MT<br>- 7% |

Qty. in Lakhs MT




**Fertilizers Sales Performance**

The fertilizer sales reduced by ~7% for FY 2021-22 Y-o-Y. The Sales during FY 2021-22 is marginally increased in Urea but reduced considerably in ANP compared to FY 2020-21. The reduction in Sales of ANP was due to lesser availability owing to disrupted production particularly during Q1 & Q4 FY 2021-22.

In FY 2021-22, Company acquired a share of 3.04% in Urea & 3.19% in NPK in the operating states. Share on country level remained as 1.44% & 0.85% for Urea & NPK respectively.

The Company has maintained strong presence in Gujarat by selling 70% (4.26 LMT) of total fertilizers (6.04 LMT). Product wise markets shares in Gujarat are 22% & 15% for Urea & NPKs in FY 2021-22, respectively.

Fertilizer trading operations continued and overall quantum is 24% higher compared to last year. 16,824 MT Fertilizers were sold as part of trading activities.

**Chemicals Sales Performance**

The whole industry was severally affected by the second wave of COVD-19 during April & May of the FY 2021-22. Company could get significant recovery in industrial products sector for in subsequent months. This was possible due to efficient product management, constant team efforts and prudent decision making. This was reflected in turnover of top ten Industrial Products in current Financial Year which is remarkably higher by 79% compared to previous FY 2020-21. The demand for industrial products has picked up rapidly from June, 2021 onward. The sales of our chemical products were better in current Financial Year compared to that of FY 2020-21. The aggregate sales of top ten products in FY 2021-22 is 9 % higher compared to that in FY 2020-21.

Company's Industrial Products have better resonance because their applications in different end use sectors. Even during such volatile times more feet condition for industrial products remained conducive. Prices for some of the products, attained historical highest level and have sustained at that level on the other side the foremost challenge for the Industrial Product sector is its dependence on import of key basic inputs like Natural Gas (NG). In recent times NG price have witnessed, very unusual spurt in prices.

**10.3. Materials Management**

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

From inception of Company, IOCL have been meeting our entire requirement of feed-stock (FO/LSHS/FOHV) to the Company. (Meanwhile, a few rakes of high Sulfur FO were procured during period December, 2019 to January, 2020 from BPCL and HPCL on spot price basis.) The current agreement signed between GNFC and IOCL for supply of FOHV and FO is valid upto Mid-2026.

**Annual / Mid / Long Term Contracts**

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

**10.4. Comparative Financial Performance Highlights:**

| Revenue from Operation | EBITDA | PBT | PAT |
|---|---|---|---|
| ₹ 8,642 Crores | ₹ 2,384 Crores | ₹ 2,298 Crores | ₹ 1,704 Crores |

Total Revenue from operation – EBITDA – PBT – PAT

**Highest ever in the history of GNFC**

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

**Charts A and B illustrate GNFC's financial performance**

Chart A: **EBITDA and EBITDA %**

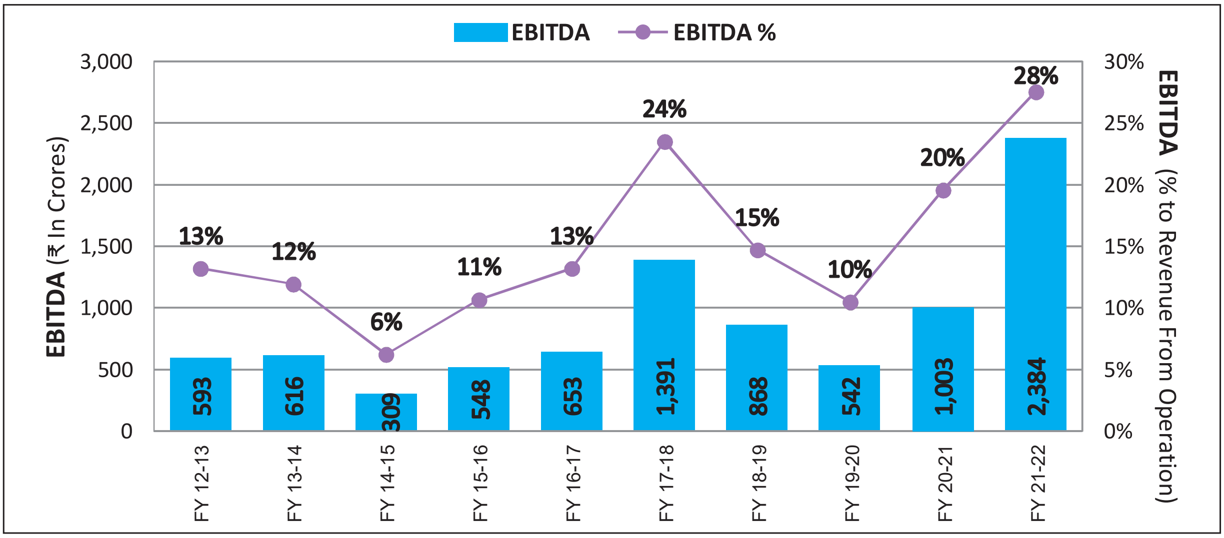
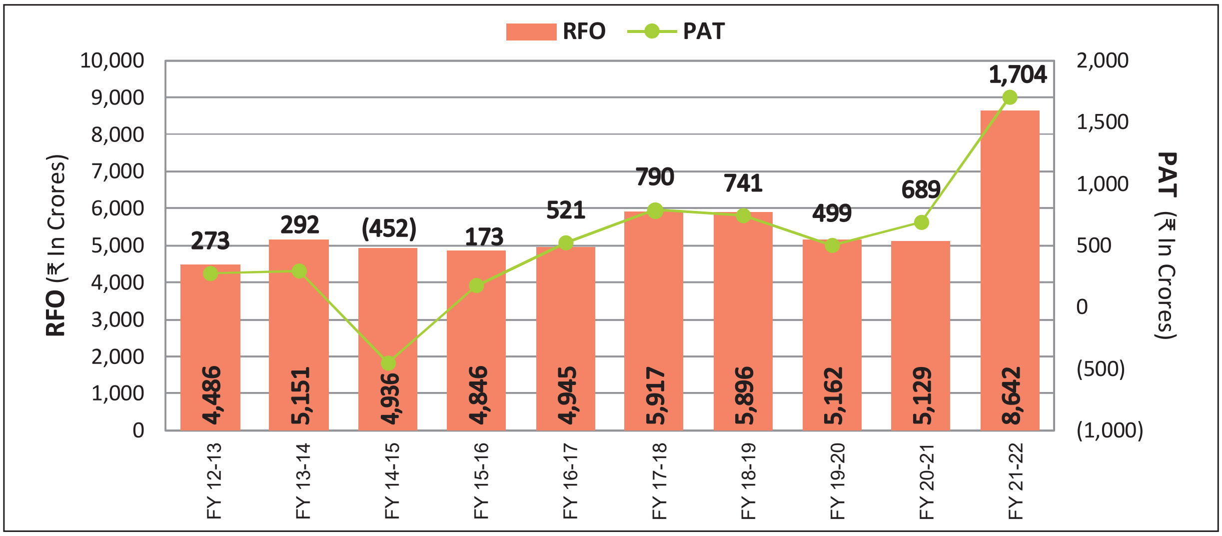



Chart B: **Revenue from Operations (RFO) and PAT**




**(₹ Crores)**

| Particulars | FY 2021-22 | FY 2020-21 | Change | |
|---|---|---|---|---|
| | | | Value | % |
| Revenue from Operations | **8,642** | 5,129 | 3,513 | 68% |
| Other Income | **209** | 237 | (28) | (12%) |
| EBITDA | **2,384** | 1,003 | 1,381 | 138% |
| PBT | **2,298** | 948 | 1,350 | 142% |
| PAT | **1,704** | 689 | 1,015 | 147% |
| Book Value (₹ Per Share) | **508** | 385 | 123 | 32% |
| EPS (₹ Per Share) | **109.62** | 44.35 | 65.27 | 147% |

FY 2021-22 has been the year of unprecedented revenue and profits where the Company has delivered ever highest annual Revenue and Profits in its history of 46 years.

On Y-o-Y basis, the operational revenue at ₹ 8,642 crores of FY 2021-22 is 68% higher and PBT at ₹ 2,298 crores is 142% higher than those of corresponding period of FY 2020-21.

The operational revenue at ₹ 8,642 crores is historical highest since the inception of the Company and marks 46% improvement over its previous highest ever revenue recorded in FY 2017-18. Similarly, the PBT at ₹ 2,298 crores is also the historical highest and marks 98% improvement over its previous recorded PBT in FY 2017-18.

From FY 2021-22, the Company has opted to avail the benefit of new income tax regime, which allows the Company to pay tax at lower rate (i.e. 25.17% instead of 34.94%). The effect of the same is given in FY 2021-22. However, the tax expense for FY 2020-21 was calculated at higher rate under old tax regime.

**Cash Flow Summary** **(₹ Crores)**

| Particulars | FY 2021-22 | FY 2020-21 | Change | % |
|---|---|---|---|---|
| Operating Cash Flow before Working Capital changes | **2,485** | 1,073 | 1,412 | 132% |
| Net Change in Working Capital | **110** | 1,029 | (919) | (89%) |
| Taxes Paid | **(628)** | (218) | (410) | (188%) |
| Net cash from / (used in) Operating Activities | **1,967** | 1,884 | 83 | 4% |
| Net cash from / (used in) Investing Activities | **(1,899)** | (856) | (1,043) | (122%) |
| Net cash from / (used in) Financing Activities | **(130)** | (933) | 803 | 86% |
| Net (Decrease) / Increase in Cash & Cash Equivalent | **(62)** | 95 | (157) | (165%) |

## 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 2,692 on 31-03-2022.

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

Key Financial Ratios (Standalone) for the Financial Year ended 31-03-2022 are provided here below:

| Particulars | Units | FY 2021-22 | FY 2020-21 | Change (%) | Reason |
|---|---|---|---|---|---|
| Debtors turnover | Times | **15.23** | 5.33 | 186% | a |
| Inventory turnover | Times | **9.65** | 5.88 | 64% | b |
| Interest coverage | Times | **688.95** | 50.29 | 1,270% | c |
| Current ratio | Times | **3.61** | 3.57 | 1% | |
| Debt equity ratio | Times | **-** | - | - | |
| Operating profit margin | % | **26.63** | 18.88 | 8% | |
| Net profit margin | % | **19.71** | 13.44 | 47% | d |
| Return on net worth | % | **24.55** | 12.30 | 100% | e |

a. Debtors turnover ratio improved by 186% mainly due to decrease in average trade receivables due to realisation during the year and improved revenue from operation due to better market conditions.

b. Inventory turnover ratio improved by 64%, due to improved sales volume of various chemical products.

c. Interest coverage ratio has increased by 1,270% mainly due to lower finance cost as the Company is debt-free and higher operating profit compared to previous year.

d. Net profit margin increased by 47% due to increase in net profit by ₹ 1,015 crores on account of improved realization across the board in Fertilizers and chemical products.

e. Return on net worth increased by 100% due to increase in net profit by ₹ 1,015 crores on account of improved realization across the board in Fertilizers and Chemical Products.

## 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.

# NOTICE

NOTICE IS HEREBY given that the **46th Annual General Meeting (AGM)** of the Members of Gujarat Narmada Valley Fertilizers & Chemicals Limited will be held **on Tuesday the 27th September, 2022 at 3:30 PM** 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, 2022 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, 2022.

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

## SPECIAL BUSINESS:

**4. Appointment of Shri J P Gupta, IAS (DIN: 01952821) as Director of the Company:**

To consider and, if thought fit, to pass 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 J P Gupta, IAS (DIN: 01952821) who was appointed as Additional Director of the Company by the Board of Directors w.e.f. 20th December, 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.**"**

**5. Appointment of Shri Bhadresh Mehta (DIN: 02625115) as an Independent Director of the Company:**

To consider and, if thought fit, to pass the following Resolution **as a Special 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, Shri Bhadresh Mehta (DIN: 02625115) who was appointed as an Additional Director (Independent Category) w.e.f. 29th December, 2021 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 27th September, 2025 and that he shall not be liable to retire by rotation.**"**

**6. Appointment of Dr. N. Ravichandran (DIN: 02065298) as an Independent Director of the Company:**

To consider and, if thought fit, to pass the following Resolution **as a Special 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, Dr. N. Ravichandran (DIN: 02065298) who was appointed as an Additional Director (Independent Category) w.e.f. 29th December, 2021 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 27th September, 2025 and that he shall not be liable to retire by rotation."

**7. Ratification of remuneration payable to Cost Auditors of the Company for the Financial Year 2022-23:**

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

"**RESOLVED** that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration of ₹ 1,00,000/- (Rupees One Lakh only) plus statutory levies and reimbursement of out of pocket expenses payable to the Cost Auditors, M/s R K Patel & Company, Cost Accountants, (Firm Registration No. 100180), Vadodara for carrying out the audit of the cost records of the Company for Financial Year ending on 31st March, 2023, 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 Limited**

**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: 19th August, 2022

## NOTES:

1. In view of the continuing Covid-19 pandemic and pursuant to General Circular No. 2/2022 dated May 05, 2022 issued by the Ministry of Corporate Affairs ("MCA") and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 issued by the Securities and Exchange Board of India ("SEBI") (collectively referred to as 'Circulars'), the 46th AGM is convened through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"). The deemed venue for this 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 above Circulars through VC/OAVM, the requirement of physical attendance of Members has been dispensed with. Accordingly, in terms of above Circulars, the facility for appointment of proxies by the Members will not be available for this AGM and hence the proxy form, attendance slip and route map of venue of AGM are not annexed to this Notice.

3. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.

4. The relative Explanatory Statement pursuant to Section 102 of the Act, in respect of the Business under Item Nos. 4 to 7 set out above is annexed hereto. The information required to be furnished under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations, 2015") and Secretarial Standard – 2 on "General Meetings" issued by The Institute of Company Secretaries of India, in respect of persons seeking appointment / re-appointment as Directors are also annexed.

5. KFin Technologies Limited (formerly known as Kfin Technologies Private Limited) ("Kfintech"), the Registrar & Transfer Agents (RTA) of the Company, will be providing the facility for participation in this AGM through VC/OAVM and e-voting during the AGM. The procedure and instructions for participating in the AGM through VC/OAVM and remote e-voting at the AGM are provided as part of this Notice.

6. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 21st September, 2022 to Tuesday, the 27th September, 2022 (both days inclusive).

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

(i) In compliance with the above mentioned Circulars, the Annual Report 2021-22, the Notice of the 46th AGM and instructions for e-voting are being sent through electronic mode to those Members whose email addresses are registered with the Company / RTA / Depositories.

(ii) Members holding shares in physical mode and who have not updated their email addresses are requested to update their email addresses with the Company's RTA by writing at einward.ris@kfintech.com along with the copy of the signed request letter mentioning the name and address of the Member, self-attested copy of the Income-Tax PAN card and self-attested copy of any document (eg.: Driving License, Election Identity Card, Passport) in support of the address of the Member.

Members holding shares in dematerialized mode are requested to register / update their email addresses with the relevant DPs. In case of any queries / difficulties in registering the e-mail address, Members may also write to investor@gnfc.in.

(iii) The Notice of AGM along with Annual Report for the Financial Year 2021-22, 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 Limited at the website address https://evoting.kfintech.com

(iv) The recorded transcript of the AGM shall also be made available as soon as possible on the website of the Company at www.gnfc.in.

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

(i) In compliance with the provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 (including amendments thereto) and Regulation 44 of the SEBI Listing Regulations, the Company is pleased to provide Members, the facility to exercise their right to vote on resolutions proposed to be considered at the 46th AGM by electronic means through e-voting. The facility of casting the votes by the Members using an electronic voting system for the 46th AGM ("remote e-voting/ e-voting") will be provided by KFin Technologies Limited ("Kfintech").

(ii) Pursuant to the Circulars and in view of the prevailing situation, the Notice of the 46th AGM and the Annual Report for the FY 2021-22 (including therein the Audited Financial Statements for the FY 2021-22), are being sent only by email to those Members whose email addresses are registered with the Company / Depositories /RTA. Therefore, those Members who have not yet registered their email addresses are requested to get their email addresses registered with their DP or RTA / Company for electronic and Physical Folios respectively, in the manner stated below. Process for registration of email address for obtaining Annual Report (if not received by the Member) and/or obtaining user ID/password for e-voting and process for updation of bank account mandate for receipt of dividend are stated as hereunder:

<table>
<tr><th rowspan="2">Type of Holder</th><th colspan="2">Process to be followed</th></tr>
<tr><th>Registering email address</th><th>Updating bank account details</th></tr>
<tr><td>Physical Holding</td><td>Send a written request to the RTA of the Company, KFin Technologies Limited at Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500032, providing Folio Number, name of Member, copy of the share certificate (front and back), Income-Tax PAN (self-attested copy of Income-Tax PAN card), Aadhaar (self-attested copy of Aadhaar card) for registering email address.</td><td>Send a written request to the RTA of the Company, KFin Technologies Limited at Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500032, providing Folio Number, name of Member, copy of the Share Certificate (front and back), Income-Tax PAN (self-attested copy of Income-Tax PAN card), Aadhaar (self-attested copy of Aadhaar card) and self-attested copy of the cancelled cheque leaf bearing the name of the first holder for updating bank account details.<br>The following additional details / documents need to be provided in case of updating bank account details:<br>• Name and branch of the bank in which you wish to receive the dividend, the bank account type<br>• Bank account number allotted by their banks after implementation of core banking solutions<br>• 9-digit MICR Code Number<br>• 11-digit IFSC</td></tr>
<tr><td>Demat Holding</td><td colspan="2">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.</td></tr>
</table>

(iii) In light of the Circulars issued by MCA and SEBI, Members 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/ and follow the registration process. Post successful registration of the email address, the Member 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 $46^{th}$ 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 DPs and in respect of physical holdings with the Company's RTA, KFin Technologies Limited, Selenium, Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad-500 032, India, by following due procedure.

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

(vi) The e-voting portal will open for voting on Friday, the $23^{rd}$ September, 2022 at 9:00 AM (IST) and shall end on Monday, the $26^{th}$ September, 2022 at 5:00 PM (IST) (both days inclusive). During this period, the Members of the Company holding shares either in physical form or dematerialized form, as on the cut-off date of Tuesday, the $20^{th}$ September, 2022 may cast their vote electronically. The e-voting module will be disabled by Kfintech on Monday, the $26^{th}$ September, 2022 post 5.00 PM (IST). Once vote on a resolution is cast by the Member, they shall not be allowed to change it subsequently or cast the vote again.

(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 $46^{th}$ 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 $46^{th}$ 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 BSE Limited and the National Stock Exchange of India Limited.

(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. Tuesday, the $20^{th}$ September, 2022 they may obtain the User ID and Password in the manner stated below. Institutional/ Corporate shareholders may write to Kfintech at: einward.ris@kfintech.com.

**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 Income-Tax PAN to generate a password.

(b) Member may call Kfintech on toll free number 1800-3094-001 for all e-voting related matters [from 9.00 AM (IST) to 6.00 PM (IST) 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 Kfintech's e-voting platform, then they can use their existing User ID and password for casting vote through remote e-voting.

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

| | |
|---|---|
| Commencement of remote e-voting | Friday, the 23rd September, 2022 at 9:00 AM (IST) |
| End of remote e-voting | Monday, the 26th September, 2022 at 5:00 PM (IST) |

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

**Login method for e-voting:**

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

| NSDL | CDSL |
|---|---|
| 1. Users already registered for IDeAS facility:<br>a) URL: https://eservices.nsdl.com.<br>b) Click on the "Beneficial Owner" icon under 'IDeAS' section.<br>c) On the new page, enter existing User ID and Password. Post successful authentication, click on "Access to e-voting".<br>d) Click on Company name or e-voting service provider and you will be re-directed to e-voting service provider website for casting the vote during the remote e-voting period.<br>2. User not registered for IDeAS e-Services**<br>a) To register click on link :<br>https://eservices.nsdl.com(Select "Register Online for IDeAS") or https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp<br>b) Proceed with completing the required fields.<br>**(Post registration completion, follow the process as stated in point no.1 above) | 1. Existing users who have opted for Easi / Easiest<br>a) URL:<br>https://web.cdslindia.com/myeasi/home/login or URL: www.cdslindia.com<br>b) Click on New System Myeasi.<br>c) Login with user ID and password.<br>d) Option will be made available to reach e-voting page without any further authentication.<br>e) Click on e-voting service provider name to cast your vote.<br>2. User not registered for Easi / Easiest**<br>a) Option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration<br>b) Proceed with completing the required fields.<br>**(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:<br>a) URL:https://www.evoting.nsdl.com<br>b) Click on the icon "Login" which is available under 'Shareholder / Member' section.<br>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.<br>d) Post successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page.<br>e) Click on Company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period. | 3. First time users can visit the e-voting website directly and follow the process below:<br>a) URL: www.cdslindia.com<br>b) Provide demat Account Number and Income-Tax PAN No.<br>c) System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account.<br>d) After successful authentication, user will be provided links for the respective Electronic Service Provider (ESP) where the e-voting is in progress.<br>e) Click on Company name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period. |

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

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

**Important Note:**

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

| Contact details in case of any technical issue on NSDL Website | Contact details in case of any technical issue on CDSL Website |
|---|---|
| Members facing any technical issue during login can contact NSDL helpdesk by sending a request at **evoting@nsdl.co.in** or call at toll free no.: **1800 1020 990 / 1800 22 44 30.** | Members facing any technical issue during login can contact CDSL helpdesk by sending a request at **helpdesk.evoting@cdslindia.com** or contact at **022-23058738 or 022-23058542-43**. |

**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 KFintech for e-voting, you can use your existing User ID and password for casting your votes.

4. After entering the details appropriately, click on LOGIN.
5. You will reach the password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$,etc.). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
6. You need to login again with the new credentials.
7. On successful login, the system will prompt the Member to select the e-voting Event Number "EVENT" for "GNFC Limited".
8. On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date, Tuesday, the 20th September, 2022, 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, they will not be allowed to modify. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
13. Upon confirmation, the message 'Vote cast successfully' will be displayed. Once you have confirmed your vote, you cannot modify your vote.
14. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF/JPG Format) of the Board Resolution/Authority Letter, etc., together with attested specimen signature(s)of the duly authorized representative(s), to the Scrutinizer at jjgandhics@gmail.com 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 46th 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 1,000 Members will be able to join the AGM on a first-come-first-served basis. However, this restriction shall not apply to large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.

18. Shareholders are encouraged to join the 46th 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-voting are eligible to vote through e-voting during the AGM for 15 Minutes after conclusion of AGM.

b) Members who have voted through remote e-voting will be eligible to attend the AGM.

c) Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum of AGM under Section 103 of the Companies Act, 2013.

d) Upon declaration by the Chairperson about the commencement of e-voting at AGM, Members shall click on the "Vote" sign on the left-hand bottom corner of their video screen for voting at the AGM, which will take them to the 'Instapoll' page.

e) Members to click on the "Instapoll" icon to reach the resolution page and follow the instructions to vote on the resolutions.

f) The Company has opted to provide the same electronic voting system at the Annual General Meeting, as used during remote e-voting and the said facility shall be operational till all the resolutions proposed in the AGM Notice are considered and voted upon at the Meeting but not exceeding 15 Minutes from the commencement of e-voting as declared by the Chairman at the AGM and can be used for voting only by those Members who hold shares as on the cut-off date viz. Tuesday, the 20th September, 2022 and who are attending the meeting and who have not already cast their vote(s) through remote e-voting.

22. Speaker Registration during Meeting session:

a) Members, who would like to express their views or ask questions during the AGM will have to register themselves as a speaker by visiting the URL https://emeetings.kfintech.com and clicking on the tab 'Speaker Registration' and mentioning their registered email id, mobile number and city, during the period starting from Thursday, the 22nd September, 2022 10:00 AM (IST) and will close on Sunday, the 25th September, 2022 at 05:00 PM (IST). Only those Members who have registered themselves as a speaker will be allowed to express their views/ask questions during the AGM and the maximum time per speaker will be restricted to 3 minutes.

b) The Company reserves the right to restrict the number of speakers and display of videos uploaded by the Members depending on the availability of time for the AGM. Please note that questions of only those Members will be entertained/considered who are holding shares of Company as on the cut-off date viz Tuesday, the 20th September, 2022.

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 Kfintech 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 Limited at 1800 309 4001.

e) Due to limitations of transmission and coordination during the Q&A session, the Company may dispense with the speaker registration during the AGM.

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

## C. PROCEDURE FOR INSPECTION OF DOCUMENTS:

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

## D. DIVIDEND RELATED INFORMATION:

A. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Tuesday, the 20th September, 2022, 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, 2022, as recommended by the Board, if approved at the AGM, on or after 3rd October, 2022.

B. Members holding shares in demat form are hereby informed that bank particulars registered with their respective DPs, with whom they maintain their demat accounts, will be used by the Company for the payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the DPs of the Members. Members holding shares in demat form are requested to intimate any change in their address and/or bank mandate immediately to their DPs.

C. Members holding shares in physical form are requested to intimate any change of address and/ or bank mandate to KFin Technologies Limited, Registrar and Share Transfer Agent of the Company by sending a request in Form ISR-1 at Selenium Building, Tower-B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana India – 500 032 or by email to einward.ris@kfintech.com from their registered email id. In case the Company is unable to pay the dividend to any shareholder by the electronic mode, due to non-availability of bank mandate, the Company shall dispatch the dividend warrant to such shareholder by post in due course.

D. Shareholders may note that the Income Tax Act, 1961, as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a Company after 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**: Tax at source shall be deducted under Section 194 of the Income Tax Act, 1961 at 10% on the amount of dividend declared and paid by the Company during Financial Year 2022-23, subject to PAN details registered/updated by the Member. If PAN is not registered/updated in the demat account/folio as on the cut-off date, TDS would be deducted @ 20% as per Section 206AA of the Income Tax Act, 1961.

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

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

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

b. **For Non-resident Shareholders**: Tax at source shall be deducted under Section 195 of the Income-tax Act, 1961 at the applicable rates. As per the relevant provisions of the Income-tax Act, 1961, the withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable to non-resident Members. As per Section 90 of the Income Tax Act, 1961, Non- Resident Members may be entitled to avail lower TDS rate as per Double Taxation Avoidance Agreement (DTAA). To avail the Tax Treaty benefits, the non-resident Member will have to provide the following:

   - Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the Member is a resident.
   - Self-declaration in Form 10F if all the details required in this form are not mentioned in the TRC.
   - Self-attested copy of the Permanent Account Number (PAN Card) allotted by the Indian Income Tax authorities, if any.
   - Self-declaration, certifying the following points:

     a. Member is and will continue to remain a tax resident of the country of its residence during the Financial Year 2022-23;

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

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

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

     e. Member does not have a taxable presence or a permanent establishment in India during the Financial Year 2022-23.

E. Notwithstanding the above, in case PAN falls under the category of "Specified Person", Member is mandatorily required to submit a declaration providing status of Permanent Establishment in India for Financial Year 2022-23. As per Section 206AB of the Income Tax Act 1961, if the said declaration is not furnished, the Company shall deduct tax at source at twice the applicable rate referred above.

F. The Company shall not be obligated to apply the beneficial DTAA rates at the time of tax deduction/ withholding on dividend amounts. Application of beneficial DTAA Rate shall depend upon the completeness and satisfactory review by the Company of the documents submitted by the Non-Resident Member.

G. Kindly note that the aforementioned documents are required to be submitted at https://ris.kfintech.com/form15/ on or before 20th August, 2022 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 20th August, 2022. It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund, if eligible.

H. We shall arrange to e-mail the soft copy of TDS certificate to you at your registered e-mail ID in accordance with the provisions of the Income Tax Act 1961 after filing of the quarterly TDS Returns of the Company, post payment of the said Dividend.

I. In accordance with the provisions of Section 124 and other applicable provisions, if any, of the Companies Act, 2013 and relevant Rules made there under, the Company has transferred the dividend amount, remaining unclaimed for a period of seven years from the respective date of transfer to 'Unpaid Dividend Account' for the Financial Years 1996-97 to 2013-14 to Investor Education & Protection Fund (IEPF), set up by the Central Government.

J. Shareholders may claim their unclaimed dividend for the years prior to and including the Financial Year 2014-15 (no dividend was declared) 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 2014-15 and the corresponding shares, from the IEPF Authority by applying in the prescribed Form No. IEPF-5.

K. Pursuant to the Provisions of Section 124 (6) of the Companies Act, 2013, (the Act) read with Investor Education & Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules') as amended from time to time, the Company is required to transfer dividend, if declared, for the FY 2014-15 to IEPF of those shareholders, who have not claimed their dividend amount for a consecutive period of seven years from FY 2014-15.

As Company had not declared dividend for the FY 2014-15, hence, the Company has not required to transfer any amount to IEPF as per schedule given below.

| **Financial Year** | **Dividend Identification No.** | **Date of Declaration of Dividend** | **Due Date for transfer to IEPF** |
|---|---|---|---|
| 2014-15 | | No dividend declared | |
| 2015-16 | 32nd | 30-09-2016 | October, 2023 |
| 2016-17 | 33rd | 29-09-2017 | October, 2024 |
| 2017-18 | 34th | 29-09-2018 | October, 2025 |
| 2018-19 | 35th | 26-09-2019 | October, 2026 |
| 2019-20 | 36th | 29-09-2020 | October, 2027 |
| 2020-21 | 37th | 23-09-2021 | October, 2028 |

## E. OTHERS:

1. SEBI, vide its Circular dated 3rd November, 2021, has made it mandatory for holders of physical securities to furnish PAN, KYC and Nomination/Opt-out of Nomination details to avail any investor service. Folios wherein any one of the above mentioned details are not registered by 1st April, 2023 shall be frozen. The concerned Members are therefore urged to furnish PAN, KYC and Nomination / Opt out of Nomination by submitting the

prescribed forms i.e. ISR-1, ISR-3. The Forms are also available on the website of the Company at https://www.gnfc.in/information-to-be-provided-to-rta-if-holding-shares-in-physical-form/. Attention of the Members holding shares of the Company in physical form is invited to go through and submit the said Forms duly filled by email from their registered email id to einward.ris@kfintech.com or by sending a physical copy of the prescribed forms duly filled and signed by the registered holders to M/s. KFin Technologies Limited at Selenium Tower B, Plot 31 & 32, Gachibowli Financial District, Nanakramguda, Hyderabad-500 032

2. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, 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 advised to convert their holdings in demat form.

3. As per the provisions of Section 72 of the Act, the facility for making nomination is available to the Members in respect of the shares held by them.

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

4. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the Listed Companies to issue securities in demat form only while processing service requests viz. Issue of duplicate securities certificate; claim from Unclaimed Suspense Account; Renewal/ Exchange of securities certificate; Endorsement; Sub division/Splitting of securities certificate; Consolidation of securities certificates/folios; Transmission and Transposition. Accordingly, Shareholders are requested to make service requests by submitting a duly filled and signed Form ISR–4, the format of which is available on the Company's website under the web link at https://www.gnfc.in/information-to-be-provided-to-rta-if-holding-shares-in-physical-form/ It may be noted that any service request can be processed only after the folio is KYC compliant. SEBI vide its notification dated January 24, 2022 has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialized form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, Members are advised to dematerialise the shares held by them in physical form. Members can contact the Company or RTA, for assistance in this regard.

## ANNEXURE TO THE NOTICE

**AS REQUIRED BY SECTION 102 OF THE COMPANIES ACT, 2013, THE FOLLOWING EXPLANATORY STATEMENT SET OUT ALL MATERIAL FACTS RELATING TO BUSINESS MENTIONED UNDER ITEM NOS. 4 TO 7 OF THE ACCOMPANYING NOTICE.**

**Item No. 4:**

**Appointment of Shri J P Gupta, IAS (DIN: 01952821) as Director of the Company**

In terms of the provisions of Section 161 (1) of the Act read with Article 144 of the Articles of Association (AoA) of the Company, Shri J P Gupta, IAS (DIN: 01952821) was appointed by the Board as an Additional Director effective 20th December, 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 J P Gupta, IAS (DIN: 01952821) for the office of Director of the Company.

Shri J P Gupta, IAS (DIN: 01952821) is a IAS officer distinguished academic background of being alumni of Jodhpur University and M. Tech from IIT, New Delhi. He has wide experience of various departments such as Land Revenue, Urban Development, Transport, Education Department and Commercial Tax, Government of Gujarat.

He is presently posted as Principal Secretary, Finance Department, Government of Gujarat.

Presently, he is also Managing Director of Gujarat State Financial Services Limited, Chairman of Gujarat Investment Limited and Director in other Companies.

Shri J P Gupta, IAS (DIN: 01952821) 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 J P Gupta, IAS (DIN: 01952821) as Rotational Director on the Board and therefore, commends the proposed Resolution for your approval.

Except Shri J P Gupta, IAS (DIN: 01952821), 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 (3) of Listing Regulations.

**Item No. 5:**

**Appointment of Shri Bhadresh Mehta (DIN: 02625115) 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 Shri Bhadresh Mehta (DIN: 02625115) as Additional Director (Independent Category) effective 29th December, 2021 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 27th September, 2025, at this AGM.

As required under Section 160 of the Act, the Notice proposing the candidature of Shri Bhadresh Mehta (DIN: 02625115) has been received from a Member of the Company.

The Company has received from Shri Bhadresh Mehta (DIN: 02625115) (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.

Shri Bhadresh Mehta (DIN: 02625115) is a presently serving as an Independent Director on the Board of Gujarat Gas, Gujarat State Petronet Limited, Gujarat State Financial Services Limited and Gujarat State Investments Limited.

He is a Chartered Accountant, a Company Secretary and a Cost Accountant by qualification. He holds professionally qualified senior managerial experience with a proven success of over 25 years in steering finance, audit and infotech functions of reputed business groups.

In the opinion of the Board, Shri Bhadresh Mehta (DIN: 02625115) 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 Shri Bhadresh Mehta (DIN: 02625115) as Independent Director at this AGM for a term of three (3) consecutive years up to 27$^{th}$ September, 2025, not liable to retire by rotation.

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

Shri Bhadresh Mehta (DIN: 02625115) 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 Shri Bhadresh Mehta (DIN: 02625115), 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 (3) of Listing Regulations.

**Item No. 6:**

**Appointment of Dr. N. Ravichandran (DIN: 02065298) 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 Dr. N. Ravichandran (DIN: 02065298) as Additional Director (Independent Category) effective 29$^{th}$ December, 2021 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 27$^{th}$ September, 2025, at this AGM.

As required under Section 160 of the Act, the Notice proposing the candidature of Dr. N. Ravichandran (DIN: 02065298) has been received from a Member of the Company.

The Company has received from Dr. N. Ravichandran (DIN: 02065298) (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.

Dr. N. Ravichandran (DIN: 02065298) is a presently serving as an Independent Director on the Board of Gujarat State Petroleum Corporation Limited.

He holds a Masters degree in Science with specialization in mathematics from Annamalai University, Tamil Nadu. He is also a Ph.D in Mathematics from Indian Institute of Technology, Madras. He has served as professor, production and qualitative methods area, Indian Institute of Management, Ahmedabad and Director of Indian Institute of Management, Indore. He was professor at Indian Institute of Management, Ahmedabad.

In the opinion of the Board, Dr. N. Ravichandran (DIN: 02065298) 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 Dr. N. Ravichandran (DIN: 02065298) as Independent Director at this AGM for a term of three (3) consecutive years up to 27th September, 2025, not liable to retire by rotation.

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

Dr. N. Ravichandran (DIN: 02065298) 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 Dr. N. Ravichandran (DIN: 02065298), 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 (3) of Listing Regulations.

**Item No. 7:**

**Ratification of remuneration payable to Cost Auditors of the Company for the Financial Year 2022-23.**

The Board of Directors, on the recommendations of Audit Committee, in its Meeting held on 9th May, 2022 approved the appointment of M/s R K Patel & Company, Cost Accountants, Vadodara (Firm Registration No. 100180) as Cost Auditors of the Company for the FY 2022-23 at a remuneration of ₹ 1,00,000/- 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 ₹ 1,00,000/- per Annum payable to M/s R K Patel & Company for FY 2022- 23 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.

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

**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: 19th August, 2022

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

| Name of Director | Smt. Mamta Verma, IAS | Shri J P Gupta, IAS | Shri Bhadresh Mehta | Dr. N. Ravichandran |
|---|---|---|---|---|
| DIN | 01854315 | 01952821 | 02625115 | 02065298 |
| Date of Birth | 01-04-1972 | 01-07-1965 | 23-02-1960 | 24-09-1953 |
| Date of appointment/ change in terms of appointment | 23-09-2021 | 20-12-2021 | 29-12-2021 | 29-12-2021 |
| Relationship with Directors | None | None | None | None |
| Expertise in specific functional area | Smt. Mamta Verma, IAS (DIN: 01854315) is a senior 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. | Shri J P Gupta, IAS (DIN: 01952821) is a senior IAS Officer having wide experience of various departments such as Land Revenue, Urban Development, Transport, Education Department and Commercial Tax, Government of Gujarat. He has also served in the state PSUs like Gujarat Water Infrastructure Limited, The Gujarat State Civil Supplies Corporation Limited, Gujarat Medical Services Corporation Limited, Gujarat State Investment Limited, Gujarat Urban Development Company Limited etc. Presently, he is Principal Secretary, Finance Department, Government of Gujarat. | He holds professionally qualified senior managerial experience with a proven success of over 25 years in steering finance, audit and infotech functions of reputed business groups. His areas of specialization are strategic planning, financial management, auditing, information technology and risk management. | He has served as professor, production and qualitative methods area, Indian Institute of Management, Ahmedabad and Director of Indian Institute of Management, Indore. |

| Name of Director | Smt. Mamta Verma, IAS | Shri J P Gupta, IAS | Shri Bhadresh Mehta | Dr. N. Ravichandran |
|---|---|---|---|---|
| Qualification(s) | She is MA with Psychology and has done Post Graduation in Physiology. | He is an alumni of Jodhpur University and has done M. Tech from IIT, New Delhi. | He is a Chartered Accountant, a Company Secretary and a Cost Accountant by qualification. | He holds a Master's degree in Science with specialization in mathematics from Annamalai University, Tamil Nadu. He is also a Ph.D in Mathematics from Indian Institute of Technology, Madras. |
| Number of Shares held in the Company as on 31st March, 2022 | NIL | NIL | 75 equity shares | NIL |
| Directorships held in other Companies* | a. Gujarat Narmada Valley Fertilizers & Chemicals Limited.<br>b. Gujarat State Fertilizers & Chemicals Limited.<br>c. Torrent Power Limited.<br>d. Gujarat Power Corporation Limited.<br>e. Gujarat State Electricity Corporation Limited.<br>f. Gujarat Energy Transmission Corporation Limited.<br>g. Gujarat Urja Vikas Nigam Limited.<br>h. Diamond Research and Mercantile City Limited.<br>i. Gujarat Chemical Port Limited. | a. Gujarat Narmada Valley Fertilizers & Chemicals Limited.<br>b. Gujarat State Fertilizers & Chemicals Limited.<br>c. Gujarat Alkalies & Chemicals Limited.<br>d. Gujarat State Petronet Limited.<br>e. Gujarat State Investment Limited.<br>f. Gujarat State Financial Services Limited.<br>g. Gujarat State Petroleum Corporation Limited.<br>h. Sardar Sarovar Narmada Nigam Limited.<br>i. Gujarat International Finance - Tech City Limited.<br>j. Gujarat Metro Rail Corporation Limited. | a. Gujarat Narmada Valley Fertilizers & Chemicals Limited.<br>b. Gujarat State Petronet Limited.<br>c. Gujarat Gas Limited.<br>d. Gujarat State Financial Services Limited.<br>e. Gujarat State Investments Limited. | a. Gujarat Narmada Valley Fertilizers & Chemicals Limited.<br>b. Gujarat State Petroleum Corporation Limited. |

| Name of Director | Smt. Mamta Verma, IAS | Shri J P Gupta, IAS | Shri Bhadresh Mehta | Dr. N. Ravichandran |
|---|---|---|---|---|
| Directorship in other Companies along with Listed entities from which the person has resigned in the past three years. | a. Gujarat Ports Infrastructure and Development Company Limited.<br>b. Sardar Sarovar Narmada Nigam Limited.<br>c. Gujarat State Aviation Infrastructure Company Limited.<br>d. Guj-Tour Development Company Limited.<br>e. Gujarat State Investment Limited.<br>f. GVFL Limited.<br>g. Gujarat Industrial Investment Corporation Limited.<br>h. International Automobile Centre Of Excellence (IACE)<br>i. GVFL Trustee Company Private Limited.<br>j. Alcock Ashdown (Gujarat) Limited.<br>k. Gujarat Foundation For Entrepreneurial Excellence.<br>l. Gujarat Tourism Opportunity Limited.<br>m. Ahmedabad Mega Clean Association. | a. Gujarat Water Infrastructure Limited.<br>b. Gujarat Urban Development Company Limited. | a. Gujarat Mineral Development Corporation Limited. | NIL |

| Name of Director | Smt. Mamta Verma, IAS | Shri J P Gupta, IAS | Shri Bhadresh Mehta | Dr. N. Ravichandran |
|---|---|---|---|---|
| Chairman/Member of the Committee of Directors of other Companies in which she / he is a Director as on 31st March, 2022** | a. Gujarat Narmada Valley Fertilizers & Chemicals Limited.<br>Member - Stakeholders' Relationship Committee | a. Gujarat Narmada Valley Fertilizers & Chemicals Limited.<br>Member - Audit Committee<br>b. Gujarat State Fertilizers & Chemicals Limited.<br>Member - Audit Committee<br>c. Gujarat State Petronet Limited.<br>Member - Audit Committee<br>d. Gujarat State Financial Services Limited.<br>Member - Audit Committee<br>e. Gujarat International Finance - Tech City Limited.<br>Member - Audit Committee<br>f. Gujarat Metro Rail Corporation Limited.<br>Chairman - Audit Committee | a. Gujarat Narmada Valley Fertilizers & Chemicals Limited.<br>Chairman- Audit Committee<br>b. Gujarat State Petronet Limited.<br>Member - Audit Committee<br>c. Gujarat Gas Limited.<br>Member - Audit Committee<br>d. Gujarat State Financial Services Limited.<br>Member - Audit Committee | a. Gujarat Narmada Valley Fertilizers & Chemicals Limited.<br>Member - Audit Committee<br>b. Gujarat State Petroleum Corporation Limited.<br>Chairman - Audit Committee |
| Number of Board Meetings attended during the year 2021-22 | 4 of 5 | 2 of 2 | 2 of 2 | 2 of 2 |

*As on 31st March, 2022

As per disclosures received from Directors.

**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 46th 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, 2022.

## FINANCIAL RESULTS AND STATE OF COMPANY'S AFFAIRS

During the year under review, the Company achieved remarkable performance on operational and financial fronts. The Company established total 110 new Records during FY 2021-22, out of which 55 Records were established in Production and 55 Records for Sale / Dispatch.

The Financial Highlights on Standalone basis are summarized below:

(₹ Crores)

| Particulars | | Standalone | |
|---|---|---|---|
| | | **2021-22** | 2020-21 |
| Income from operations | | **8,642** | 5,129 |
| Other Income | | **209** | 237 |
| Total Income | | **8,851** | 5,366 |
| Total Expenditure | | **6,258** | 4,126 |
| Profit before Depreciation, Finance Cost and Tax | | **2,593** | 1,240 |
| Depreciation | | **292** | 272 |
| Finance Cost | | **3** | 20 |
| Profit Before Tax | | **2,298** | 948 |
| Tax Expense | | **594** | 259 |
| **Net Profit for the year** | **A** | **1,704** | 689 |
| Re-measurement of Gain on defined employee benefit plans (Net of tax) | **B** | **15** | 11 |
| Transferred From Other comprehensive income | **C** | **-** | (61) |
| Balance brought forward from previous year | **D** | **2,481** | 1,920 |
| Amount available for Appropriation | **A+B+C+D** | **4,200** | 2,559 |
| **Appropriations :** | | | |
| Dividend paid | | **125** | 78 |
| **Surplus carried to Balance Sheet** | | **4,075** | 2,481 |

## COMPANY'S PERFORMANCE OVERVIEW

### 1.0 Operational Performance:

The Company has achieved remarkable production performance during FY 2021-22, in spite of annual shutdown of plants from 1st April 2021 to 25th April 2021. Day to day plant operations were closely reviewed and plant operations were adjusted accordingly, to maximize profit.

During the year, following plants achieved over 100% capacity utilization level. Ammonia (6,67,312 MTs, i.e. 149.79%), ASGP (3,82,555 MTs, i.e. 103.51%), Urea (8,19,024 MTs. i.e 128.60%), Methyl Formate (28,445 MTs, i.e. 124.76%), Formic Acid (20,881 MTs, i.e 208.81%), Acetic Acid (1,57,058 MTs. i.e 157.06%), Weak Nitric Acid-I (3,02,002 MTs, i.e 122.02%), Weak Nitric Acid-II (1,24,098 MTs, i.e. 124.10%), Concentrated Nitric Acid-I (33,435 MTs, i.e. 101.32%), Concentrated Nitric Acid-II (34,450 MTs, i.e. 104.39%), Concentrated Nitric Acid-III (53,528 MTs, i.e. 107.06%), Aniline (39,662 MTs. i.e. 113.32%), Nitrobenzene (61,998 MTs, i.e. 131.21%), TDI-I (18,338 MTs, i.e. 130.99%), Ethyl Acetate (65,725 MTs, i.e. 131.45%). During the year, strategic optimization of various plant operations had been done keeping in line with prices of raw materials so as to achieve cost reduction in all aspects.

TDI-II Dahej achieved production of 34,128 MTs with lower capacity utilization (68.26%) due to market constraints followed by increase in prices of raw material disturbing the cost economics of TDI amid global geopolitical events. Technical glitches were faced in plant during February to March, 2022.

**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 2021-22 on Standalone basis.

FY 2021-22 has been the year of unprecedented revenue and profits where the Company has delivered ever highest annual Revenue and Profits in its history of 46 years.

On YoY basis, the operational revenue at ₹ 8,642/- crores and PBT at ₹ 2,298/- crores of FY 2021-22 are 68% and 142% higher respectively than those of corresponding period of FY 2020-21.

The operational revenue at ₹ 8,642 crores is historical highest since the inception of the Company and marks 46% improvement over its previous highest ever revenue recorded in FY 2017-18. Similarly, the PBT at ₹ 2,298 crores is also the historical highest and marks 98% improvement over its previous recorded PBT in FY 2017-18.

From FY 2021-22, the Company has opted to avail the benefit of new income tax regime, which allows the Company to pay tax at lower rate (i.e. 25.17% instead of 34.94%). The effect of the same is given in FY 2021-22. However, the tax expense for FY 2020-21 was calculated at a higher rate under old tax regime.

## SALES

**1.0 Industrial Products:**

The whole industry was severally affected by the second wave of COVD-19 during April & May of the current Financial Year. We could get significant recovery in Industrial Products sector in subsequent months. This was possible due to efficient product management, constant team efforts and prudent decision making. This was reflected in Company's turnover of top ten Industrial Products in current Financial Year which is remarkably higher by 79% compared to FY 2020-21. The demand for Industrial Products has picked up rapidly from June, 2021 onward. The sales of our chemical products were better in current Financial Year compared to that of year FY 2020-21. The aggregate sales of industrial products in FY 2021-22 is 83% higher compared to that in FY 2020-21.

GNFC's Industrial Products have better resonance because of their applications in different end use sectors. Even during such volatile times, the demand for Industrial Products has remained favorable. Prices for some of the products attained historical highest level and have sustained at that level. On the other side the foremost challenge for the Industrial Product sector is its dependence on import of key basic inputs like Natural Gas (NG). In recent times NG price have witnessed very unusual spurt in prices.

**2.0 Fertilizer Business:**

Your Company performed reasonably well in fertilizers business during FY 2021-22. The Company achieved total sales of 6.64 Lakhs MTs of Urea which was a little higher than the previous year (i.e. 6.57 Lakhs MTs). Sales of Ammonium Nitro

Phosphate (ANP) during FY 2021-22 was 1.20 Lakhs MTs as compared to 1.78 Lakhs MTs in FY 2020-21 i.e. 33% lower. Decreased sales volume of ANP was mainly due to lesser availability for sale as well as diversion of resources for manufacturing Ammonium Nitrate Melt, in the larger interest of the country. The Company could increase retail sales of Urea & ANP by selling 84,355 MTs (as against 42,600 MTs of FY 2020-21) through Company's own Narmada Khedut Sahay Kendras (NKSKs).

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 16,874 MTs of Fertilizers were sold as a part of trading activities as against 13,393 MTs of previous year. Besides, GNFC introduced non-bulks agri inputs during FY 2021-22 and registered a sales value of ₹ 80.25 Lakhs through NKSKs.

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

During the FY 2021-22 under review, the performance of (n)Code Solutions - IT Division of the Company was also affected due to COVID-19 pandemic situation. We have continuously run our DSC operations, Procurement portal, Software operation support & data center operation throughout the period considering an essential services. This division has registered sales turnover of ₹ 73 crores and Profit of ₹ 24 crores across its all business segments.

(n)Code 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 the current year, (n)Code has developed & released new ILMS (Integrated Lease & Mining System) 2.0. Commissioner of Geology & Mining, Gujarat has won platinum award in the innovative software category for Skoch award. ILMS 2.0 is a complete integrated solution for mining industries.

(n)Code has also started good business opportunity in education domain specifically for providing Online examination portal for academic as well as recruitment activity and conducted successful examinations even during COVID-19 pandemic situation.

(n)Code team has managed all the business & support activities successfully with full client satisfaction. (n)Code has now set a vision to spread its wings pan India to deliver convenience to businesses by using its suit of software products like e-Auction, integrated Mining solution etc.

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

## DIVIDEND:

Keeping in view the Company's performance for FY 2021-22, long term growth strategy and to ensure that the shareholders get sustained return on their investment, your Directors have recommended a dividend of ₹ 10/- per share (@100%) 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 ₹ 155.42 crores. This amounts to 9.12% of the Net Profit of the Company.

## APPROPRIATIONS:

Your Company has registered a Net Profit of ₹ 1,703.75 crores for FY 2021-22. After adding thereto ₹ 14.79 crores being the re-measurement gain on defined employee benefit plans and adding thereto ₹ 2,481.19 crores being the balance of Statement of Profit & Loss brought forward from previous year, an amount of ₹ 4,199.73 crores is available for appropriation. Out of this, ₹ 124.34 crores is appropriated towards payment of dividend for FY 2020-21. The balance amount of ₹ 4,075.39 crores is proposed to be carried to Balance Sheet.

## FERTILIZER INDUSTRY – GOVERNMENT POLICY:

Department of Fertilizers (DOF) announced a revision in Nutrient Based Subsidy (NBS) rates w.e.f. 20-05-2021, which remains applicable till 31-03-2022. As per NBS the subsidy stands at ₹ 12,822 per MT for ANP. However, this was still not enough owing to very high price of raw materials, especially Rock Phosphate, which is a major ingredient. Even with the highest outlay towards subsidy and a marginal increase in MRP of ANP, the margins remain low or negative. FY 2021-22 witnessed lower availability of phosphatic fertilizers due to non-viability on mandated MRPs. The Fertilizer industry remains vital to agriculture productivity but continues to operate under a rigid control regime.

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 as the subsidy now becomes due only on sales of fertilizers by the retailers to the farmers through POS (Point of Sales) machines. This has delayed the cash inflow cycle for subsidy to Industry due to lag between production and actual farmer purchases/consumption thereby impacting working capital.

As per the directives of Ministry of Coal, GOI, in Q-4 of FY 2021-22, GNFC had to divert resources at their Nitrophosphate complex for manufacturing Ammonium Nitrate Melt (AN Melt), Weak Nitric Acid (WNA) and Concentrated Nitric Acid (CNA) by compromising ANP production. GNFC has contributed to the larger benefit of country by providing AN Melt for coal mines thereby avoiding shortage of coal.

## 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 2022-23 and total capacity of FA would be 85 MTPD.

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 MTPD. The Project will be completed by First Quarter of FY 2023-24.

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

   To fulfil Renewable Purchase Obligation, GNFC is implementing 04 (Four) MW Solar Power Project at Charanka Solar Park. Project will be completed by Fourth Quarter of FY 2022-23.

4. **Ammonia Plant revamp:**

   At present, Company is producing about 1,950 MTPD 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 1,950 MTPD to 2,100 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. **Coal based Captive Co-generation Power Plant at Dahej:**

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

   In order to reduce cost of steam & power and to improve reliability, Coal based Captive Co-Generation Power Plant (CCPP) having a capacity to produce 18 MW Power & 150 MT/ Hr. steam is under active Considerations. Fresh bids from the LSTK bidders shall be invited and based on the viability of the project, decision for the implementation of the 18 MW Power & 150 MT/ Hr. steam plant shall be taken.

## 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, 2022, 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, 2022 and of the profit of the Company for that period;

(iii) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, if any;

(iv) they had prepared Annual Accounts on a going concern basis;

(v) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

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

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

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

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

The Company has Associate Company 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 a Wholly Owned Subsidiary Company namely Gujarat (n)code Solutions Limited (GNSL) in the year 2017. As GNSL had not commenced its business operations, it filed an application to the Registrar of Companies (RoC) for removal of its name from the Register of Companies in terms of Section 248(1) of the Act. RoC vide order dated 25-09-2021 struck off the name of GNSL from Register of Companies and the Company stands dissolved from even date.

## 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 2021-22 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 (n)code Solutions Limited (GNSL) has been struck off from the Register of Companies w.e.f. 25-09-2021. 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 2021-22.

## 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 2021-22. Hence, the disclosure of RPTs in Form AOC-2 as required under Section 134(3)(h) of the Act is not applicable to your Company. Details of Related Party as per Ind AS-24 are given in Note No. 37 to the Standalone Financial Statements.

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

## MEETINGS OF THE BOARD AND COMMITTEES THEREOF:

**(i) Board Meeting:**

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

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

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

1. Audit Committee;
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 and the same is available on the Company's website at web link https://www.gnfc.in/wp-content/uploads/2021/04/GNFC-NRC-Policy_11815.pdf. 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 Pankaj Kumar, IAS, Chief Secretary to Government of Gujarat (GoG) was nominated by GoG as Government Nominee Director on the Board vice Shri Anil Mukim, IAS (Retd). Shri Pankaj Kumar, IAS, has been appointed as Nominee Director and Chairman of the Company w.e.f. 07-09-2021.

**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 SEBI (LODR) Regulations, 2015 as amended for FY 2022-23.

**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 2,94,484 shares held by 4,557 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 link – https://www.gnfc.in/about-us/share-holders/information-regarding-transfer-of-shares-to-iepf-authority/#1616487600815-c8355071-e6c5

## 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 11$^{th}$ February, 2019. The details as to the constitution of RMC and its major ToR included in the "Report on Corporate Governance" are forming part of this Report.

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

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

## ANNUAL RETURN:

The Draft Annual Return of the Company as on March 31, 2022 is available on the Company's Website and can be accessed at Weblink : https://www.gnfc.in/form-mgt-7-annual-return/. The Annual Return of FY 2020-21 in prescribed Form No. MGT-7, as required under Section 92(1) of the Companies Act, 2013 read with Rule 11 of the Companies (Management and Administration) Rules, 2014 is placed on the Company's Website at weblink: https://www.gnfc.in/form-mgt-7-annual-return/. The same was filed with the Registrar of Companies, Gujarat (ROC) on Ministry of Corporate Affairs (MCA) portal within prescribed time limit.

## 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 web link 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 2021-22 was ₹ 14.40 crores. The Company had actually spent ₹ 10.15 crores towards various CSR Activities during the FY 2021-22. During the current FY 2021-22, an amount of ₹ 4.25 crores (being excess spending of previous FY) was available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Pursuant to Rule 12 of Companies (Accounts) Rules, 2014, the Company has filed statutory Form CSR-2 for FY 2020-21 on 24-03-2022.

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 REPONSIBILITY AND SUSTAINABILITY REPORT:

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

SEBI vide Circular dated 10th May, 2021 has prescribed that reporting under BRSR is voluntarily for FY 2021-22 and mandatory from FY 2022-23. Your Company has adopted a report under the old reporting guidelines. The report is appended as Annexure – B.

## 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 2,401 permanent employees of the Company as of 31st March, 2022. 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 45th AGM held on 23rd September, 2021 appointed M/s Suresh Surana & Associates LLP, Mumbai, Chartered Accountants, a Member firm of RSM International as Statutory Auditors of the Company for a term of Five (5) consecutive years, until the conclusion of the forthcoming 50th AGM to be held in the year 2026, on such remuneration as may be determined by the Board of Directors, based on the recommendation of the Audit Committee plus certification fees, applicable taxes and reasonable out of pocket expenses actually incurred by them during the course of Audit.

Notes to Financial Statements (Standalone and Consolidated) forming part of Audited Financial Statements for FY 2021-22 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 9th May, 2022, based on the recommendations of Audit Committee, has appointed M/s R K Patel & Company, Cost Accountants, Vadodara, as the Cost Auditor of the Company for the FY 2022-23 at a remuneration of ₹ 1,00,000/- per annum plus out of pocket expenses and statutory levies.

In accordance with Section 148 of the Companies Act, 2013, read with Rule 14 of the Companies (Audit & Auditors) Rules, 2014, the remuneration of ₹ 1,00,000/- per annum payable to Cost Auditors for the FY 2022-23 is subject to ratification by the Shareholders at this 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 2020-21 with the Ministry of Corporate Affairs (Cost Audit Branch) on 9th September, 2021. The due date of filing the said Report was 27th September, 2021.

## 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 2020-21 to FY 2022-23. The Secretarial Audit Report in Form MR-3 in respect of Secretarial Audit work carried out by him for FY 2021-22 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. It has helped the Company to achieve satisfactory performance on Operational and Financial fronts and in achieving targets.

Your Directors put 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,**

Place : Gandhinagar
Date : 19th August, 2022

**Shri Pankaj Kumar, IAS**
**Chairman**

## ANNEXURE - A

## ANNUAL REPORT ON CSR ACTIVITIES FOR FY 2021-22

(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 in its Meeting held on 17-05-2021 had reviewed and considered the amendments as per the Companies (CSR) Amendment Rules, 2021 and accordingly amended the CSR Policy of the Company.

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

2. **Composition of CSR Committee:**

| Name | Designation/Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---|---|---|---|
| Shri Sunil Parekh[1] | Member | 2 | 2 |
| Shri Piruz Khambatta[2] | Member | 2 | 2 |
| Shri Pankaj Joshi, IAS | Member | 3 | 3 |
| Smt. Gauri Kumar, IAS (Retd.) | Chairperson | 3 | 3 |
| Prof. Ranjan Kumar Ghosh | Member | 3 | 3 |
| Shri Bhadresh Mehta[3] | Member | N.A. | N.A. |
| Dr. N. Ravichandran[4] | Member | N.A. | N.A. |

1. Shri Sunil Parekh ceased to be Independent Director and a Member of CSR Committee w.e.f. 30-09-2021.
2. Shri Piruz Khambhatta ceased to be Independent Director and a Member of CSR Committee w.e.f. 30-09-2021.
3. Shri Bhadresh Mehta inducted as a Member of the Committee w.e.f. 04-02-2022.
4. Dr. N. Ravichandran inducted as a Member of the Committee w.e.f. 04-02-2022.

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

https://www.gnfc.in/wp-content/uploads/2021/04/CSR-Policy-Revised_17-05-2021.PDF

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). – All Projects / Activities undertaken in every sectors having outlay of less than ₹1.00 crore, though Company has voluntarily carried out the impact assessment of projects like Vocational Skills Upgradation, Aashirwad Recreation centre for Senior Citizens, Mobile Medical Van Project and Support to Meritorious Students through external agency.

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

| Sr. No. | Financial Year | Amount available for set-off from preceding Financial Years (₹ Lakhs) | Amount required to be set off for the Financial Year, if any (₹ Lakhs) |
|---|---|---|---|
| **I.** | **2021-22** | **424.85** | **424.85** |
| **II.** | **2022-23** | **NA** | **NA** |

**6.** Average net profit of the Company as per section 135(5) : ₹ 71,983.14 Lakhs.

**7.** (a) 2% of average net profit of the Company as per section 135(5) : ₹ 1,439.66 Lakhs.

(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 : ₹ 424.85 Lakhs.

(d) Total CSR obligation for the Financial Year (7a + 7b - 7c) : ₹ 1,014.81 Lakhs.

**8.** (a) CSR amount spent or unspent for the Financial Year:

| Total Amount Spent for the Financial Year (₹) | Amount Unspent (₹) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per Section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) | | |
| | Amount | Date of Transfer | Name of theFund | Amount | Date of transfer |
| **₹ 1,014.81 Lakhs** | **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 2021-22. **(₹ Lakhs)**

| 1 | 2 | 3 | 4 | 5 | | 6 | 7 | 8 | 9 | 10 | 11 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Sr. No.** | **Item from the list of activities in Schedule VII** | **Name of the Project** | **Local area (Yes/ No)** | **Location of the project** | | **Project Duration (in months)** | **Amount allocate for the project (₹)** | **Amount spent in the Financial Year (₹)** | **Amount transfer red to Unspent CSR Account for the Project as per Section 135 (6) (₹)** | **Mode of Implem entatio n - Direct (Yes/ No)** | **Mode of Implementation - Through Implementing Agency** | |
| | | | | **State** | **District** | | | | | | **CSR Regist ration Numb er** | **Name** |
| 1. | Livelihood Enhance ment. | Vocational Skills Upgradation | Yes | Gujarat | Bharuch | 12 | 67.42 | 67.42 | 0.00 | Yes | CSR00004841 | NARDES |
| 2. | Health Care | Mobile Medical Van Project | Yes | Gujarat | Bharuch | 12 | 6.80 | 6.80 | 0.00 | Yes | | NARDES |
| 3. | Promotin g Gender Equality | Aashirwad Recreation centre for Senior Citizens | Yes | Gujarat | Bharuch | 12 | 1.70 | 1.70 | 0.00 | Yes | | NARDES |
| 4. | Education | Improving facilities in Narmada Motlabai Public School | Yes | Gujarat | Bharuch | 12 | 40.00 | 40.00 | 0.00 | Yes | | NARDES |
| 5. | Education | Support to Meritorious Students | Yes | Gujarat | Bharuch | 12 | 2.50 | 2.50 | 0.00 | Yes | | NARDES |
| 6. | Rural Developm ent | Supporting Rural Outreach Programs of Govt. of Gujarat | No | Gujarat State as a whole | Gujarat State as a whole | 6 | 31.15 | 31.15 | 0.00 | Yes | | NARDES |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 7. | Rural Development | Awareness generation among youths through Social Media Platforms under the initiatives of Govt. of Gujarat | No | Gujarat State as a whole | Gujarat State as a whole | 12 | 51.57 | 51.57 | 0.00 | Yes | | NARDES |
| 8. | Women Empowerment | Boosting socio-economic development of Neem SHG women | No | Gujarat | Gujarat State as a whole | 12 | 26.29 | 26.29 | 0.00 | Yes | | NARDES |
| 9. | Women Empowerment | Rejuvenation of existing SHG for entrepreneurship development | Yes | Gujarat | Bharuch | 6 | 3.83 | 3.83 | 0.00 | Yes | | NARDES |
| 10. | Women Empowerment. | Enhancing future prosperity by providing livelihood | No | Gujarat | Gujarat State as a whole | 6 | 14.24 | 14.24 | 0.00 | Yes | | NARDES |
| 11. | Preventive Health Care and Sanitation | Distribution of Health Care and Sanitation products under Swachchh Bharat Abhiyan | No | Gujarat, UP, MP, Maharashtra, Rajasthan, Punjab | Various district of Gujarat, UP, MP, Maharashtra, Rajasthan, Punjab | 12 | 26.06 | 26.06 | 0.00 | Yes | | NARDES |
| | | | | | | **Total** | **271.56** | **271.56** | **0.00** | | | |

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 2021-22.

**(₹ Lakhs)**

| 1 | 2 | 3 | 4 | 5 | | 6 | 7 | 8 | |
|---|---|---|---|---|---|---|---|---|---|
| **Sr. No.** | **Item from the list of activities in Schedule VII to the Act** | **Name of the Project** | **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. | Education | Up gradation of educational facilities in NEST College | Yes | Gujarat | Bharuch | 90.00 | Yes | NARDES | CSR00004841 |
| 2. | Education | Up gradation of educational facilities in Narmada Vidyalaya | Yes | Gujarat | Bharuch | 30.00 | Yes | NARDES | |
| 3. | Education | Up gradation of educational facilities in Govt. Schools / Anganwadis | Yes | Gujarat | Bharuch | 40.00 | Yes | NARDES | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 4. | Education | Up gradation of educational facilities in Support to students in Rural Area | Yes | Gujarat | Bharuch | 25.20 | Yes | NARDES | |
| 5. | Rural Development | Infrastructure development in Villages | Yes | Gujarat | Bharuch | 77.27 | Yes | NARDES | |
| 6. | Gender Equality | Support to Old Age Homes and orphans | Yes | Gujarat | Bharuch | 16.55 | Yes | NARDES | |
| 7. | Preventive Healthcare & Sanitation | Health care including preventive health care and sanitation to fight outbreak of COVID-19 pandemic | No | Gujarat | Gujarat State as a whole | 210.00 | Yes | GCSRA* | |
| 8. | Disaster Management | Relief, Rehabilitation and Re-construction activities | Yes | Gujarat | Bharuch | 20.00 | Yes | NARDES | |
| 9. | Support to Armed Forces | Support to Armed forces veterans, their dependents | Yes | Gujarat | Bharuch | 55.00 | Yes | NARDES | |
| 10. | Protection of Art, Culture | Support to Kalagurjari | No | Gujarat | Gandhinagar | 0.25 | Yes | NARDES | |
| 11. | Preventive Healthcare & Sanitation | COVID 19 Medicine Kits | Yes | Gujarat | Bharuch | 2.55 | Yes | NARDES | |
| 12. | Preventive Healthcare & Sanitation | Medical Grade Oxygen Support During COVID-19 | No | Gujarat | Gujarat State as a whole | 73.43 | Yes | GNFC | |
| 13. | Education | Construction of additional classrooms in Rahadpor & Haldarva | Yes | Gujarat | Bharuch | 48.00 | Yes | NARDES | |
| | | **Total** | | | | **688.25** | | | |

*Gujarat CSR Authority

(d) Amount spent in Administrative Overheads : **₹ 55.00 Lakhs.**

(e) Amount spent on Impact Assessment, if applicable : **₹ 1.97 Lakhs.**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : **₹ 1,014.81 Lakhs.**

(g) Excess amount for set off, if any

| Sr. No. | Particular | Amount (₹ Lakhs) |
|---|---|---|
| i. | Two percent of average net profit of the Company as per section 135(5) | **1,439.66** |
| ii. | Total amount spent for the Financial Year | **1,014.81** |
| iii. | Excess amount spent for the Financial Year [(ii)-(i)] | **0.00** |
| iv. | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any | **424.85** |
| v. | Amount available for set off in succeeding Financial Years[(iii)-(iv)] | **0.00** |

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

| Sr. No. | Preceding Financial Year | Amount transferred to Unspent CSR Account under section 135 (6) (₹) | Amount spent in the reporting Financial Year (₹ Lakhs) | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any | | | Amount remaining to be spent in succeeding Financial Years (₹) |
|---|---|---|---|---|---|---|---|
| | | | | Name of the Fund | Amount (₹) | Date of transfer | |
| 1. | 2019-20 | — | 420.39 | — | — | — | Nil |
| 2. | 2020-21 | — | 2,026.04 | — | — | — | Nil |
| 3. | 2021-22 | — | 1,439.66 | — | — | — | Nil |
| | **TOTAL** | **—** | **3,886.09** | **—** | **—** | **—** | **Nil** |

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

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

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

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

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

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

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

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

Shri Pankaj Joshi, IAS
(Managing Director)

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

## ABSTRACT FOR CSR ANNUAL REPORT FY 2021-22

As part of our commitment to Responsible Corporate Citizenship, we at GNFC believe in actively supporting in improving quality of life of the people in the communities. In our CSR journey towards achieving human development and excellence, we endeavour to deploy CSR Programs aligned with Schedule VII to The Companies Act, 2013 as recommended by the CSR Committee of and approved by the Board of Directors.

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

NARDES works with the community for socioeconomic development and foster spirit of ownership in the process. The initiatives are purposefully crafted in a way for the impact to reach to the farthest beneficiaries and reconnect them to the mainstream society. NARDES is committed to reinvest in the social good of our neighbourhood communities.

Selection of Villages in the Project Affected Areas (PAAs) is done as per the approval of CSR Committee of Directors. CSR Activities/Projects are taken up for implementation in PAAs, within the radius of about ten kms. of GNFC Facilities, i.e. ten Villages in Bharuch and eight Villages in Vagra Talukas of Dist.: Bharuch.

The multitier governance mechanism enables NARDES to critically evaluate the Projects and make necessary course corrections whenever required. Services of the Faculty of Social Work, the Maharaja Sayajirao University of Baroda, Vadodara, were taken for Annual Assessment of CSR Projects undertaken during the FY 2021-22. Their suggestions were appraised to the CSR Committee and as directed, the same will be implemented in a time bound manner. The said Assessment Report of FY 2021-22 reflects that the Projects were executed with judicious utilization of resources, for higher outreach.

**ANNEXURE - B**

## BUSINESS RESPONSIBILITY REPORT – FY 2021-22
## 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,<br>District: Bharuch, Gujarat |
| 4 | Website | www.gnfc.in |
| 5 | E-mail id | investor@gnfc.in |
| 6 | Financial Year reported | 2021-22 |
| 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.<br>• Toluene Di-Isocynate (TDI).<br>• 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<br>Bharuch:<br>P.O.: Narmadanagar – 392 015.<br>District: Bharuch.<br>Dahej:<br>Plot No. D-II/8,<br>Dahej-II Industrial Estate,<br>At & Po: Rahiyad, Taluka: Dahej,<br>District: Bharuch.<br>Ahmedabad:<br>GNFC Infotower,<br>3rd Floor, Bodakdev,<br>Gandhinagar-Sarkhej Highway,<br>Ahmedabad - 380 054.<br>Gandhinagar:<br>GIFT City, 14th Floor,<br>GIFT One Tower, Road 5-C, Zone-5,<br>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) | ₹ 8,642.29 crores |
| 3 | Total Profit After Taxes (INR) | ₹ 1,703.75 crores |
| 4 | Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | ₹ 1,439.66 Lakhs (2% 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 : ₹ 44.36 Lakhs | |
| | 2. Rural Development : ₹ 159.99 Lakhs | |
| | 3. Promoting Education : ₹ 227.70 Lakhs | |
| | 4. Livelihood Enhancement Project : ₹ 67.42 Lakhs | |
| | 5. Preventive Health Care : ₹ 318.84 Lakhs | |

## SECTION - C: OTHER DETAILS

| | |
|---|---|
| 1 | Does the Company have any Subsidiary Company?<br>No. The Company had incorporated a Wholly Owned Subsidiary Company namely Gujarat Ncode Solutions Limited (GNSL) in the year 2017. As GNSL had not commenced its business operations, it filed an application to the Registrar of Companies (RoC) for removal of its name from the Register of Companies in terms of Section 248(1) of the Act. RoC vide order dated 25-09-2021 struck off the name of GNSL from Register of Companies and the said Company stands dissolved from even date. |
| 2 | Do the Subsidiary Company participate in the BR Initiatives of the parent Company?<br>If yes, then indicate the number of such subsidiary Company(s).<br>Not Applicable. The Company does not have any Subsidiary Company. |
| 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%]<br>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.<br>(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 been 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<br>2) Dividend Distribution Policy. https://www.gnfc.in/wp-content/uploads/2021/04/Dividend-Distribution-Policy.pdf<br>3) Nomination and Remuneration Policy. https://www.gnfc.in/wp-content/uploads/2021/04/GNFC-NRC-Policy_11815.pdf<br>4) Vigil Mechanism and Whistle Blower Policy. https://www.gnfc.in/wp-content/uploads/2021/04/Vigill-Mechanism-Cum-Whistle%20Blower-Policy_21102014.pdf<br>5) Policy on Related Party Transactions. https://www.gnfc.in/wp-content/uploads/2021/04/Related-Party-Transactions-Policy.pdf | | | | | | | | |

| Sr. No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 6) Policy for Determination of Materiality of Events/Information. | | | | https://www.gnfc.in/wp-content/uploads/2021/04/GNFC_Policy-forDetermination-ofMateriality_27116.pdf | | | | |
| | | 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 IS014001, 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 reviews 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 provides 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 2021-22, the Company received 9 (Nine) 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 online 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 673 m3/year organics having more than 90% purity is recycled back to the Nitrobenzene Plant, which has increased Nitro Benzene production as well as reduced 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 300 $m^3$ 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.

**Waste generation and is being utilized as resource:**

- Total 1,48,430 MTs Dry Fly Ash is disposed to Cement industries (100% disposal of dry fly ash generation) & revenue generation due to Sale of Dry fly ash is ₹ 6,85,55,842/-
- Total 39,074 MTs Pond Ash is disposed to Brick manufacturers & for land filling (43% of pond ash generation).
- TDI Tar 2,500.130 MTs generated and sold 2,433.265 MTs. (97% of TDI Tar generation). Revenue generated from co-processing TDI Tar in cement industries is ₹ 62,14,416/-.

**Recycle / Re-use / Recovery / Reduction / Saving / Environmental**

- During the year, 36,631 $M^3$ treated effluent used in Irrigation farm/ golf ground which reduced equivalent quantity of fresh water consumption and resulted in to saving of ₹ 13.74 Lakhs.
- During the year, 5,395 $M^3$ treated effluent used in Ash pond for ash wetting which reduced equivalent quantity of fresh water consumption and resulted in to saving of ₹ 02.02 Lakhs.
- Total 5,742.94 MT of NETP sludge sold to M/s. Maruti Fertilizer Industry & M/s. Singham Biocrop Care PVT LTD resulting in revenue generation of ₹ 05.72 Lakhs.
- During the year, Total 7,781 $M^3$ of ANP- discontinuous effluent was recycled to ANP plant after necessary treatment at NETP. This has resulted in to saving of ₹ 1.07 crores per year in terms of AN melt recovery.

- 137 MT EA spent solvent from T-3620 sold which has reduced effluent treatment and generated revenue (2250/MTs) ₹ 3,07,159/- in Ethyl Acetate Plant.
- Off Spec Urea recovery at Bagging Plant started from February, 2022. Off spec material received in V-5 first and after checking, transferred to V-4. Total 77 batches have been processed.

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

| | | |
|---|---|---|
| 1. | Total number of employees. | 2,401 |
| 2. | Total number of employees on temporary / contractual / casual basis. | 212 |
| 3. | Number of permanent women employees. | 64 |
| 4. | Number of permanent employees with disabilities. | 18 |
| 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? | 62.31 |

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

| Sr. No. | Category | No of complaints filed during FY | No. of complaints pending as at end of FY |
|---|---|---|---|
| 1. | Child labour / forced labour / involuntary labour. | Nil | Nil |
| 2. | Sexual harassment. | 1 | 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 : 47.19%

(b) Permanent Women Employees : 42.19%

(c) Casual / Temporary / Contractual Employees : 3.54%

(d) Employees with Disabilities : 47.22%

***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 values their dedication and discretionary efforts put-in by them and always makes 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 conserve 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 $N_2O$, 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 $N_2O$ into $N_2$ 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 has implemented 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 is under implementation at Gujarat Solar Park, Charanka, Dist.: Patan, Gujarat

        - As a part of "National Hydrogen Energy Mission" announced by Hon. Prime Minister and Company's long term strategic vision towards "Net Zero Carbon", Company is also planning a step towards setting up a 5 MW Green Hydrogen Manufacturing facility at Bharuch site along with 25 MW Renewable power at suitable RE Park.

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 requirements of Environment, Health, Safety (EHS) as per 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 (j) IPUA-Indian Polyurethane Association (k) ICC-Indian Chemical Council.

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 2021-22, the Company has spent ₹ 1,439.66 Lakhs as CSR expenditure for undertaking various CSR Projects / activities. (Such as Up gradation of educational facilities, Infrastructure development in Villages, Support to Old Age Homes and orphans, Health care including preventive health care and sanitation to fight outbreak of COVID-19 pandemic, Relief, Rehabilitation and Re-construction activities, Support to Armed forces veterans, their dependents, Support to Kalagurjari, COVID 19 Medicine Kits, Medical Grade Oxygen Support during COVID-19, Construction of additional classrooms in Rahadpor & Haldarva 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.

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?

   - We are collecting Customer Feedback Form on annual basis from Customers and Dealers.
   - 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 2021-22

[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 acquired ISO-50001 (Energy Management System) certification for Bharuch unit in May 2021 and for Dahej unit in December, 2019.

**Details of various Energy Saving Measures / Schemes implemented during the year 2021-22 are as given below:**

**a) Township Admin Office:**

- Total 109 nos. of conventional Metal Halide floodlights were replaced with energy efficient LED floodlights in Township for energy saving purpose. The total investment cost for the same is ₹ 5.2 Lakhs. By this measure, estimated annual energy saving is 27,331 kWh.

**b) HyCO and Utility plant, Dahej:**

- Installation of CMTD traps (Compact Module Thermodynamic traps) on HP steam headers. Investment cost was ₹ 8.28 Lakhs. Annual energy saving is 4,946 MT of HP steam.
- RF Brine primary pumps impeller trimming. Total investment cost for the scheme was ₹ 0.98 Lakh. The estimated annual power saving is 1,12,104 kWh.
- Installation of new Raw Water pump of rated capacity 150 $m^3/h$. The estimated annual energy saving is around 46,267 kWh. Total investment cost for the scheme was ₹ 5.47 Lakhs.

**c) TDI-II Dry section, Dahej:**

- Replacement of high pressure ODCB recovery pumps of Primary ODCB column with low pressure ODCB pumps for energy saving. The estimated annual power saving is up to 4,89,600 kWh. Total cost for the scheme was ₹ 30.72 Lakhs.

**d) Electrical System, Dahej:**

- In plant area, various old conventional Metal Halide floodlights were replaced with energy efficient LED floodlights (total 2,430 nos.). Total investment cost was ₹ 40.32 Lakhs. By this measure, estimated annual energy saving is 5,98,746 kWh.
- By improving Power Factor, GNFC received power factor rebate of ₹ 85.60 Lakhs in the last FY 2021-22.

**e) Electrical System, Bharuch:**

- In plant areas, various old conventional light fittings were replaced with energy efficient LED floodlights (total 1,298 nos.). Total investment cost was ₹ 21.34 Lakhs. By this measure, total 3,58,920 kWh of energy saving is achieved in the last FY 2021-22.

**f) Ammonia Plant:**

- Conversion of Ammonia refrigeration compressor condensers from Four pass to Two pass. This has resulted into equivalent steam saving of about 1.1 MT/hr. Total investment cost for this scheme was ₹ 10.77 Lakhs.

- Various modifications in Synthesis section (Replacement of catalyst basket with Series-300, Synthesis gas compressor revamp with strainer, Replacement of Reactor inlet and Reactor Cold Shot control valves, New WHB E703M) carried out phase wise. Investment cost of last year for Synthesis gas compressor modification and Cold shot valve replacement is ₹ 18.19 crores Combined saving for all modifications has resulted into saving of about 3.96 MT/hr of steam. Over and above steam saving, 109 MTD of production gain is achieved with additional power of about 8,703 kwh per day only.

**g) ASGP Plant:**

- Installation of ON-OFF valve on Cooling Water outlet line cooler in CO2 dryer system. By this measure, around 188 MT per annum of HP superheated steam saving is achieved. Total investment cost for this scheme was ₹ 1.10 Lakhs.
- Installation of small capacity Control Valve in bypass line of main anti-surge valve of Syn. Gas compressor. By this measure, around 1.1 MT/hr of HP superheated steam saving can be achieved when plant is running at lower load. Total investment cost for this scheme was ₹ 1.00 Lakh.

**h) Urea Plant:**

- Replacement of Carbamate solution ejector in Reactor inlet stream. This modification has reduced pressure of the driving fluid in the ejector which result into power saving of HP ammonia pump by around 66 KW. By this scheme, total estimated annual power saving of about 4,00,000 to 5,00,000 kWh is achieved. The investment cost for this scheme was ₹ 388.10 Lakhs.
- Installation of 5th Cell of Cooling Tower. By this scheme, Cooling Water supply temperature is reduced by around 1°C which resulting into reduction in ammonia vapour load on the Chiller. Calculated compression power reduction is 1,419 KWh/day. Total investment cost was ₹ 207.20 Lakhs.

**Energy Saving Measures under implementation or planned for implementation:**

**a) Township Admin Office:**

- Replacement of around 245 nos. of conventional ceiling fans (75W) with energy efficient BLDC ceiling fans (28W).

**b) Ammonia Plant:**

- Redistribution of Boiler Feed Water to preheater (E-704) resulting of reduction of Section-700 loop pressure. Steam saving of around 0.5 MT/hr and reduction of about 0.25 MT/hr Coal consumption is estimated. The estimated scheme cost is about ₹ 59.80 Lakhs.
- Installation of additional 5th battery in ammonia refrigeration compressor condensers. This would result into estimated saving of 1.1 MT/hr of HPSH steam in turbine. The estimated scheme cost is around ₹ 473.52 Lakhs.

**c) ASGP Plant:**

- Heat recovery from process condensate to pre heat NG in reformer. Annual saving of 4.7 Lakhs SM3 NG is estimated. The estimated scheme cost is around ₹ 100.89 Lakhs.
- Installation of Hydrogen compressor to recycle PSA feed gas as recycle Hydrogen. The estimated energy saving by this measure is 0.83 Gcal/hr.
- Hydrogen and $CO_2$ recovery from flash gas of $CO_2$ removal section. The estimated energy saving is 0.38 Gcal/hr.

**d) Formic Acid Plant:**

- Low Pressure Flash Steam generation from steam condensate. The estimated scheme cost is around ₹ 20.00 Lakhs. The estimated benefit of the scheme is 40 MT/day of LP steam generation.

**e) ANI-TDI complex:**

- Installation of Energy conservation turbine (ECT) on Aniline/ TDI plant HP let-down station. The scheme is under pre-commissioning stage. Estimated annual power generation potential will be 75,24,000 kWh.

**f) HyCO and Utility plant, Dahej:**

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

**g) TDI-II Wet section, Dahej:**

- Preheating Dehydration Column Feed against waste heat from the product MTD stream. The estimated annual steam saving is 2,772 MT.

**h) Electrical System, Dahej:**

- Replacement of around 200 nos. of old conventional Metal Halide lamps (70W) by energy efficient LED lamps (45W). The total estimated annual power saving is 35,040 kWh.

**(i) Electrical System, Bharuch:**

- Total power saving of 11,84,140 kWh has been planned by Electrical dept. by replacing old conventional light fittings with energy efficient LED fittings (Total 3,795 nos.). The estimated cost would be ₹ 1.26 crores.

**(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. Also, 10 MW solar project at village Charanka was commissioned on 17-11-2020. In all 1,99,86,452 KWh of power was generated from solar plants during the year.
- Total installed capacity of Wind Power Turbo Generators (installed at Lathedi and Shikarpur sites in Kutch) is 21 MW. During the year, total 2,67,06,840 KWh of power was generated from Wind Mills.

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

- The Company has made total capital investment of ₹ 25.40 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.

**RESEARCH & DEVELOPMENT:**

**1. Specific R&D assignments and benefits:**

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

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, Calcium Formate of Industrial, Fertilizer, Food and Pharma grades was taken forward.

2) Value added products and import substitutes development of Tolyl Triazole, Potassium Diformate, Ammonium Phosphate Sulphate (NPKS) 16:20:0:13 are initiated.

3) Using a novel catalyst Ethyl Acetate is being synthesized replacing p-TSA catalyst. The catalyst is being evaluated for easy operation and maintenance and increase in production of Ethyl Acetate. The catalyst is biodegradable.

4) Also In- House catalyst development has been taken up exploring several processes routes to replace imports.

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

1) Methyl Formate Hydrolysis using In-House R&D developed Catalytic process of Resin Bed technology is implemented on full commercial scale in Formic Acid revamp which will result in the increase in annual production of 6,600 ~ 7,000 TPA Formic Acid in Next Financial Year.

2) During the year In-House R&D successfully developed Food, Pharma and Industrial grade Calcium Acetate. Calcium Nitrate Industrial Grade as well as 100% water soluble fertilizer Calcium Nitrate meeting FCO standards were developed.

3) Development of import substitutes & forward integration of existing business.

4) Environment improvement benefits.

**3. Future Plans of Action:**

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

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

5) To manufacture proprietary H2S removal Catalyst CATSOL as per Orders.

6) To develop Bio polyols from Natural Oils.

7) To provide technical services / guidance to various departments.

**4. Expenditure on Reasearch and Development:**

**(₹ Crores)**

| Sr. No. | Nature of Expenditure | FY 2021-22 | FY 2020-21 |
|---|---|---|---|
| 1. | Capital Expenditure | **0.00** | 0.00 |
| 2. | Recurring Expenditure | **0.10** | 0.04 |
| 3. | Salaries to R&D Personnel | **2.03** | 1.44 |
| 4. | Power and Fuel | **0.09** | 0.06 |
| | Total | **2.22** | 1.54 |
| 5. | Total R&D expenditure as percentage of Total Turnover | **0.0257%** | 0.0300% |
| 6. | Gross Turn-over | **8,642.29** | 5,128.69 |

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

| Particulars | FY 2021-22 | FY 2020-21 |
|---|---|---|
| Foreign Exchange Used | **441.55** | 397.71 |
| Foreign Exchange Earned | **93.92** | 182.90 |

**ANNEXURE - D**

## DISCLOSURE PURSUANT TO RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FOR FINANCIAL YEAR 2021-22

<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 various Committees of the Company.<br><br>Appointment of Managing Director (MD) (Executive Director) is made by the Board of Directors in consultation with Government of Gujarat (GoG) and he/she is usually a Senior IAS Officer. MD is paid remuneration as per the terms and conditions prescribed and notified by GoG and as determined by the Board of Directors in accordance with the Articles of Association of the Company. The Companies Act, 2013 (the Act) and the relevant Rules framed thereunder as amended from time to time and subject to the approval of Shareholders.<br><br>Shri Pankaj Joshi, IAS, Additional Chief Secretary to Chief Minister - Gujarat, is holding the additional charge of the post of Managing Director of the Company and no remuneration is paid to him for holding the said charge.<br><br>The Company has received Order No. AIS-45-2021-340467-G dated 2nd August, 2021 of General Administration Department, Government of Gujarat, Gandhinagar, sanctioning Special Pay/Charge Allowance payable at 5% of Basic Pay as per Sixth Pay Commission to Shri Pankaj Joshi, IAS as Managing Director of the Company for the period from 16-07-2020 to 31-07-2021. Such payment of Special Pay/Charge Allowance will be subject to the ceiling not exceeding the limit specified in Schedule V of the Act.<br><br>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>7.88%</td></tr>
<tr><td>3</td><td>Shri A C Shah</td><td>CS</td><td>18.45%</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>9.50% considering full year present of Regular employees in employment for FY 2021-22 & FY 2020-21.</td></tr>
<tr><td>4</td><td>Number of permanent employees on the rolls of Company at the end of the year.</td><td>2,401.</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 3.28% average percentile increase in the salary of employees other than Key Managerial Personnel (KMP) as against this there was increase of 2.46% in the remuneration of KMP for FY 2021-22 compared to FY 2020- 21.</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**

**FORM NO. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2022**

[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 – 392 015.
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, 2022,** 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, 2022**, 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, 2018 – Not applicable as there was no reportable event during the Financial Year under review;
   D. The Securities and Exchange Board of India (Share Based Employees Benefit) Regulations 2014 & The Securities and Exchange Board of India (Share Based Employee Benefits & Sweat Equity) Regulations, 2021 (with effect from 13th August, 2021)- 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 (upto 15th August, 2021) & The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (with effect from 16th August, 2021) – Not applicable as there was no reportable event 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. - Not applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the Financial Year under review.

G. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (upto 09th June, 2021) & The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (with effect from 10th June, 2021) – Not applicable as there was no reportable event during the Financial Year under review;

H. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 – Not applicable as there was no reportable event during the Financial Year under review; and

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 Transboundary 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: 25th July, 2022

**SHALIN PATEL**
Practicing Company Secretary
C. P. No. :17070
P. R. No. : 1274/2021
UDIN : A022687D000677550

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

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**'Appendix A'**

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

**SHALIN PATEL**
Practicing Company Secretary
ACS - 22687
C. P. No. :17070
P. R. No.: 1274/2021
UDIN : A022687D000677550

Date: 25th July, 2022
Place: Vadodara

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.

# 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 Shareholder's value, protecting and pursuing interest of all the Stakeholders and meeting societal expectations. Your Company is committed to the principles of good governance in letter and spirit.

Effective corporate governance practices constitute strong foundation on which successful commercial enterprises are built to last. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all the Stakeholders comprising regulators, employees, customers, vendors, investors and the society.

The Company operates within accepted standards of propriety, fair play and justice and aims at creating a culture of openness in relationships between itself and its Stakeholders. It has set up a system which enables all its employees to voice their concerns openly and without any fear or inhibition.

Our corporate governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as disclosures related to the leadership and governance of the Company.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("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 constitutes various Committees of Directors to deal with specific areas and activities which concern the Company and requires a closer review. The Committees function under their respective Terms of Reference. These Committees play an important role in the overall management and governance of the Company. These Committees meet at regular intervals and take necessary steps to perform its duties entrusted by the Board. Minutes of these Committee meetings are recorded and placed before the Board in its subsequent meeting for noting.

## BOARD OF DIRECTORS

### PROCESS FOR APPOINTMENT OF THE BOARD MEMBERS AND SENIOR MANAGEMENT.

The Board, with the support of Nomination and Remuneration Committee (N&R Committee), keeps under constant review the composition of the Board of Directors and its Committees, succession planning, diversity, inclusion and remuneration related matters.

It has sought to balance the composition of the Board of Directors and its Committees and to refresh them progressively over a period of time. In discharging its responsibilities, the Nomination & Remuneration Committee regularly reviews the structure, size and composition of the Board and its Committees, including skills, knowledge, independence and diversity, to ensure they are aligned with the Company's strategy.

The N&R Committee strongly believes that diversity and providing an inclusive culture is a key driver of business success and is committed to having a diverse and inclusive leadership team which provides a range of perspectives, insights and challenges needed to support good decision-making, helping with risk management and strategic planning.

**PROCESS FOR SELECTION AND APPOINTMENT OF DIRECTORS.**

| Identification and evaluation of Candidates. | Recommendation by NRC. | Board Approval. | Shareholders' Approval. |
|---|---|---|---|
| Nomination & Remuneration Committee (NRC) is authorized for identification and selection for appointment of Directors. | Upon evaluation, the Committee makes recommendation to the Board for approval. | The Board after its approval; recommend the appointment to Shareholders for approval. | The proposal is placed before shareholders for approval. |

**MEETINGS OF THE BOARD AND COMMITTEES.**

| | |
|---|---|
| Schedule of Meetings and agenda matters | The Board meets at regular intervals to discuss and decide on the Company's business Policies and strategies, in addition to the statutory and other compliances. The Board and Committee Meetings are pre-scheduled and Agenda Notes / Papers circulated to all Directors well in advance to facilitate planning of their schedule and to ensure meaningful participation in the Meetings.<br>However, in case of business exigenciey resolutions are passed through circulation. |
| Circulation of Agenda | All the Agenda papers are disseminated electronically on a real-time basis. The papers are uploaded on a secured online platform specifically designed for this purpose.<br>The Agenda papers other than in nature of Unpublished Price Sensative Information (UPSI) are circulated well in advance as per applicable statutory provisions and those in nature of UPSI are circulated at least 24 hours in advance with Password protection. |
| Business conducted at Meetings | The business of the Board generally include consideration of important corporate actions and events including but not limited to:<br>a) Quarterly and Annual Financial Results announcements; b) Oversight of performance of business; c) Development and approval of overall business strategy; d) Board succession planning; e) Review functioning of Committees in line with the defined Terms of Reference; f) Review of internal controls and risk management; and g) Other strategic, transactional and governance matters as required under the Act, Listing Regulations and other applicable laws. |
| Post-Meeting summary/ Follow Up | Post conclusion of each Meeting of the Board/Committee, Company Secretary circulates summary of the proceedings of all Meetings along with the action points, if any.<br>Various decisions taken at the Board/Committee Meetings are promptly communicated to the concerned departments/divisions.<br>In terms of applicable provisions of SS-1, Company Secretary draft the Minutes and circulate to Directors/Members for suggestion for changes, if any. The draft Minutes, after incorporating changes, if any, is put up to Chairperson for approval. Approved Minutes is signed by Chairperson. Signed Minutes is circulated to Board/Committee Members within prescribed timeline.<br>The matters arising from the business transacted in previous Meetings are reviewed in the subsequent Meetings. |

## COMPOSITION OF THE BOARD OF DIRECTORS DURING FY 2021-22.

The Company has an active, experienced, diverse and a well-informed Board of Directors. The Board, along with its Committees, undertakes its fiduciary duties keeping in mind the interests of all the Stakeholders and the Company's Corporate Governance philosophy. The Company has an optimum combination of Executive and Non-Executive Directors which is in conformity with Regulation 17 of the SEBI Listing Regulations read with Sections 149 and 152 of the Act. The Board periodically evaluates the need for change in its composition and size.

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

Profile of Directors is available on the Company's website at https://www.gnfc.in/board-of-directors/

## NUMBER OF BOARD MEETINGS HELD

The Board met Five (5) times during the FY 2021-22, on the following dates:

1. 17$^{th}$ May, 2021,
2. 12$^{th}$ August, 2021,
3. 28$^{th}$ October, 2021,
4. 04$^{th}$ February, 2022 and
5. 22$^{nd}$ March, 2022.

The gap between two Meetings did not exceed 120 days and the Meetings were conducted in compliance with all applicable provisions of the laws. The required Quorum was present for all the Meetings.

None of the Directors on the Board hold Directorships in more than Ten public limited companies. None of the Independent Directors serve as an Independent Director on the Board of Directors of more than Seven listed entities. Necessary disclosures regarding Committee positions in other public limited companies as on 31$^{st}$ March, 2022 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 and the Rules made thereunder. In terms of Regulation 25(8) of the SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board has confirmed that they meet the criteria of independence as stated under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act and that they are independent of the management.

The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the year under review and at the last Annual General Meeting ("AGM"), name of other listed entities in which the Director is a Director and the number of Directorships and Committee Chairpersonships / Memberships held by them in other public limited companies as on 31$^{st}$ March, 2022 are given herein below. Other Directorships and Committee Chairpersonships / Memberships do not include Directorships and Committee Chairpersonships / Memberships of private limited companies, foreign companies and companies registered under Section 8 of the Act. Further, none of them is a member of more than Ten Committees or Chairperson of more than Five Committees across all the public companies in which he / she is a

Director. For the purpose of determination of limit of the Board Committees, Chairpersonship and Membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations.

There was no instance during the FY 2021-22 when the Board had not accepted any recommendation of any Committee of the Board.

**CATEGORY AND ATTENDANCE OF DIRECTORS:**

The category of Directors, attendance at Board Meetings held during the Financial Year under review, the number of Directorships and Committee Chairpersonships/Memberships held by them in other public limited companies and Directorships held by them in other listed entities as on March 31, 2022 are as follows:

| Name of the Director | Category | Number of Board Meetings attended during FY 2021-22 | Attendance at last AGM | Number of Directorships in other Public Companies | | Number of Committee positions held in other Public Companies | | Directorship in other Listed Companies (Category of Directorship) |
|---|---|---|---|---|---|---|---|---|
| | | | | Chairperson | Member | Chairperson | Member | |
| Shri Anil Mukim, IAS[1]<br>Chairman<br>DIN 02842064 | Promoter, Non-Executive, Non-Independent | 2 of 2 | N.A. | - | - | - | - | - |
| Shri Pankaj Kumar, IAS[2]<br>Chairman<br>DIN 00267528 | Promoter, Non-Executive, Non-Independent | 3 of 3 | Yes | 8 | 1 | 2 | - | 1. Gujarat Alkalies & Chemicals Ltd.<br>2. Gujarat State Petronet Ltd.<br>3. Gujarat Gas Ltd.<br>4. Gujarat State Fertilizers & Chemicals Ltd. |
| Smt. Mamta Verma, IAS<br>DIN 01854315 | Non-Executive, Non-Independent | 4 of 5 | Yes | 4 | 4 | - | - | 1. Gujarat State Fertilizers & Chemicals Ltd.<br>2. Torrent Power Ltd. |
| Shri Mukesh Puri, IAS<br>DIN 03582870 | Non-Executive, Non-Independent | 5 of 5 | Yes | 2 | 2 | - | 1 | 1. Gujarat State Fertilizers & Chemicals Ltd. (Managing Director, Non-Executive, Non-Independent) |
| Shri J P Gupta, IAS[3]<br>DIN 01952821 | Non-Executive, Non-Independent | 2 of 2 | N.A. | 1 | 8 | 1 | 4 | 1. Gujarat Alkalies & Chemicals Ltd.<br>2. Gujarat State Petronet Ltd.<br>3. Gujarat State Fertilizers & Chemicals Ltd. |
| Smt. Gauri Kumar, IAS (Retd.)<br>DIN 01585999 | Non-Executive, Independent - Woman Director | 4 of 5 | No | - | 3 | 1 | 1 | 1. Gujarat State Fertilizers & Chemicals Ltd.<br>2. Gujarat Mineral Development Corporation Ltd. |
| Prof. Ranjan Kumar Ghosh<br>DIN 08551618 | Non-Executive, Independent | 5 of 5 | Yes | - | - | - | - | - |
| Shri Sunil Parekh[4]<br>DIN 06992456 | Non-Executive, Independent | 2 of 2 | Yes | - | - | - | - | - |
| Shri Piruz Khambatta[5]<br>DIN 00502565 | Non-Executive, Independent | 2 of 2 | Yes | - | - | - | - | - |
| Shri Bhadresh Mehta[6]<br>DIN 02625115 | Non-Executive, Independent | 2 of 2 | N.A. | - | 3 | - | 3 | 1. Gujarat State Petronet Ltd.<br>2. Gujarat Gas Ltd. |
| Dr. N. Ravichandran[7]<br>DIN 02065298 | Non-Executive, Independent | 2 of 2 | N.A. | - | 1 | 1 | - | - |
| Prof. P K Sinha[8]<br>DIN 00484132 | Non-Executive, Independent | 1 of 1 | N.A. | - | 4 | - | 2 | 1. Ujjas Energy Ltd.<br>2. Infibeam Avenues Ltd.<br>3. Silvertouch technologies Ltd. |
| Shri Pankaj Joshi, IAS<br>Managing Director<br>DIN 01532892 | Promoter, Executive, Non-Independent | 5 of 5 | Yes | 1 | - | - | - | - |

1. Shri Anil Mukim, IAS ceased to be Director w.e.f. 31-08-2021.
2. Shri Pankaj Kumar, IAS appointed as Director w.e.f. 07-09-2021.
3. Shri J P Gupta, IAS appointed as Director w.e.f. 20-12-2021.
4. Shri Sunil Parekh ceased to be Director w.e.f. 30-09-2021.
5. Shri Piruz Khambhatta ceased to be Director w.e.f. 30-09-2021.
6. Shri Bhadresh Mehta appointed as Director w.e.f. 29-12-2021.
7. Dr. N. Ravichandran appointed as Director w.e.f. 29-12-2021.
8. Prof. P K Sinha appointed as Director w.e.f. 08-03-2022.

## CORE SKILLS / EXPERTISE / COMPETENCIES AVAILABLE WITH THE BOARD

The Board of the Company is highly structured to ensure a high degree of diversity by age, education/qualifications, professional background, sector expertise and special skills. The Board of Directors have, based on the recommendations of the Nomination & Remuneration Committee, identified the following core skills/expertise/competencies as required in the context of the businesses and sectors of the Company for its effective functioning and the same is mapped against each of the Directors:

**Following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the Board:**

**Core Skills / Competencies / Expertise**

| Name of the Director | Knowledge | Behavioral Skills | Strategic thinking and decision making | Financial Skills | Technical / Professional skills | Specialized knowledge to assist the ongoing aspects of the business |
|---|---|---|---|---|---|---|
| Shri Pankaj Kumar, IAS | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Shri Mukesh Puri, IAS | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Smt. Mamta Verma, IAS | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Shri J P Gupta, IAS | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Smt. Gauri Kumar, IAS (Retd.) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Prof. Ranjan Kumar Ghosh | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Shri Bhadresh Mehta | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Dr. N. Ravichandran | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Prof. P K Sinha | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Shri Pankaj Joshi, IAS | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

Eligibility of a person to be appointed as a Director of the Company is dependent on whether the person possesses requisite skill sets identified by the Board as above and whether the person is a proven leader in running a business that is relevant to the Company's business or is a proven academician in the field relevant to the Company's business. The Directors so appointed are drawn from diverse backgrounds and possess special skills with regard to the industries / fields from where they come.

## INFORMATION SUPPLIED TO THE BOARD

Requisite information as specified in Part - A of Schedule II of Regulation 17 of the Listing Regulations are made available to the Board of Directors, whenever applicable, for discussions and consideration at the Meeting. Agenda Papers are circulated to Directors in advance, to have focused and meaningful discussions at the Meeting. At every Board Meeting, a presentation is made on the matters covering finance, marketing, operations and any other material / significant developments. In case of business urgency of matters, resolutions are passed by Circulation and the same are put-up to the Board / Committee in the next Meeting for 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 as per Statutory Requirements and whenever need arises. Minutes of all Committee Meetings are placed before the Board for taking note thereof.

The Board periodically reviews the compliance reports of 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 2021-22 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 Listing Regulations, as ammended and the Act, as amended. The minutes of the Committee Meetings are tabled at the next Board Meeting.

## COMPOSITION OF STATUTORY COMMITTEES AS ON MARCH 31, 2022

All the Committees have optimum composition pursuant to the Listing Regulations. Below is the composition of the Committees as on March 31, 2022:

| Name of Director | Board of Directors | Audit Committee | Nomination and Remuneration Committee | Stakeholders' Relationship Committee | Corporate Social Responsibility Committee | *Risk Management Committee |
|---|---|---|---|---|---|---|
| Shri Pankaj Kumar, IAS | Chairperson | - | - | - | - | - |
| Shri Mukesh Puri, IAS | Member | - | - | - | - | - |
| Smt. Mamta Verma, IAS | Member | - | Member | Member | - | - |
| Shri J P Gupta, IAS | Member | Member | - | - | - | - |
| Smt. Gauri Kumar, IAS (Retd.) | Member | Member | Chairperson | - | Chairperson | |
| Prof. Ranjan Kumar Ghosh | Member | Member | Member | Chairperson | Member | Chairperson |
| Shri Bhadresh Mehta | Member | Chairperson | Member | - | Member | Member |
| Dr. N Ravichandran | Member | Member | Member | - | Member | Member |
| Prof. Piyushkumar Sinha | Member | - | - | - | - | - |
| Shri Pankaj Joshi, IAS-Managing Director | Member | Member | - | Member | Member | Member |

Chairperson Member

*Shri D V Parikh, ED&CFO and Shri A C Shah, CS&GM are also Members of the Risk Managemnt Committee.

Your Company has following Committees of Directors:

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 its overall responsibilities. Audit Committee is constituted in accordance with Regulation 18 of the SEBI Listing Regulations read with Section 177 of the Act.

Audit Committee presently comprises of Six (6) Directors viz.

| Name | Catagory |
|---|---|
| Shri Bhadresh Mehta, Chairman | Non-Executive & Independent Director. |
| Smt. Gauri Kumar, IAS (Retd.) | Non-Executive & Independent Director. |
| Prof. Ranjan Kumar Ghosh | Non-Executive & Independent Director. |
| Shri J P Gupta, IAS | Non-Executive & Non-Independent Director. |
| Dr. N. Ravichandran | 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 Regulation 18 of SEBI Listing Regulations, 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 crores 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 2021-22, 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: 13-05-2021, 11-08-2021, 27-10-2021, and 03-02-2022. Requisite Quorum was present for all the Meetings.

**ATTENDANCE AT THE MEETINGS**

Attendance of Members at the Committee Meeting(s) held during FY 2021-22.

| Sr. No. | Member | No. of Meetings held during the tenure of Membership | No. of Meetings Attended |
|---|---|---|---|
| 1 | Shri Sunil Parekh[1], Chairman | 2 | 2 |
| 2 | Shri Piruz Khambhatta[2] | 2 | 2 |
| 3 | Shri Pankaj Joshi, IAS | 4 | 4 |
| 4 | Smt. Gauri Kumar, IAS (Retd.) | 4 | 4 |
| 5 | Prof. Ranjan Kumar Ghosh | 4 | 4 |
| 6 | Shri J P Gupta, IAS[3] | N.A. | N.A. |
| 7 | Shri Bhadresh Mehta[4], Chairman | N.A. | N.A. |
| 8 | Dr. N. Ravichandran[5] | N.A. | N.A. |

1. Shri Sunil Parekh ceased to be Director w.e.f. 30-09-2021.
2. Shri Piruz Khambhatta ceased to be Director w.e.f. 30-09-2021.
3. Shri J P Gupta, IAS was inducted as a Member of the Committee w.e.f. 04-02-2022.
4. Shri Bhadresh Mehta was inducted as a Member and Chairman of the Committee w.e.f. 04-02-2022.
5. Dr. N. Ravichandran was inducted as a Member of the Committee w.e.f. 04-02-2022.

Shri Sunil Parekh, who was Chairman of Audit Committee remained present at the AGM of the Company held on 23rd September, 2021.

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

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

## B. NOMINATION AND REMUNERATION COMMITTEE

### CONSTITUTION & COMPOSITION

The Board has constituted "Nomination and Remuneration Committee" in compliance with Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations. This Committee presently comprises of Five (5) Directors viz.

| Name | Catagory |
|---|---|
| Smt. Gauri Kumar, IAS (Retd.), Chairperson | Non-Executive & Independent Director. |
| Prof. Ranjan Kumar Ghosh | Non-Executive & Independent Director. |
| Smt. Mamta Verma, IAS | Non-Executive & Non-Independent Director. |
| Shri Bhadresh Mehta | Non-Executive & Independent Director. |
| Dr. N. Ravichandran | Non-Executive & Independent Director. |

- The Company Secretary acts as Secretary to the Committee.

### 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

During FY 2021-22, One (1) Meeting of the committee was held on 22-03-2022. Requisite Quorum was present for the Meeting.

### ATTENDANCE AT THE MEETINGS

Attendance of Members at the Nomination & Remuneration Committee Meeting(s) held during FY 2021-22.

| Sr. No. | Member | No. of Meetings held during the tenure of Membership | No. of Meetings Attended |
|---|---|---|---|
| 1 | Shri Piruz Khambhatta[1], Chairman | N.A. | N.A. |
| 2 | Shri Sunil Parekh[2]N.A. | N.A. | |
| 3 | Smt. Gauri Kumar, IAS (Retd.)[3] Chairperson | 1 | 1 |
| 4 | Prof. Ranjan Kumar Ghosh | 1 | 1 |
| 5 | Smt. Mamta Verma, IAS[4] | 1 | 1 |
| 6 | Shri Bhadresh Mehta[5] | 1 | 1 |
| 7 | Dr. N. Ravichandran[6] | 1 | 1 |

1. Shri Piruz Khambhatta ceased to be Director w.e.f. 30-09-2021.
2. Shri Sunil Parekh ceased to be Director w.e.f. 30-09-2021.
3. Smt. Gauri Kumar, IAS (Retd.) was inducted as a Member w.e.f. 31-08-2020 and Chairperson w.e.f. 28-10-2021.
4. Smt. Mamta Verma, IAS was inducted as a Member w.e.f. 28-10-2021.
5. Shri Bhadresh Mehta was inducted as a Member w.e.f. 04-02-2022.
6. Dr. N. Ravichandran was inducted as a Member w.e.f. 04-02-2022.

### 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 SEBI Listing Regulations. This Committee presently comprises of Three (3) Directors viz.

| Name | Catagory |
|---|---|
| Prof. Ranjan Kumar Ghosh, Chairman | Non-Executive & Independent Director. |
| Smt. Mamta Verma, IAS | Non-Executive & Non-Independent Director. |
| Shri Pankaj Joshi, IAS | Managing Director, Executive & Non-Independent Director. |

- The Company Secretary acts as Secretary to the Committee.

### TERMS OF REFERENCE

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

(i) Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

(ii) Review of measures taken for effective exercise of voting rights by shareholders.

(iii) Review of adherence to the service standards adopted by the Company in respect of various services being rendered as Registrar & Share Transfer Agent.

(iv) Review of various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the Shareholders.

**NUMBER OF MEETINGS**

During FY 2021-22, Six (6) meetings of the Committee were held. Dates on which the said Meetings were held are – 07-05-2021, 12-08-2021, 28-10-2021, 27-12-2021, 11-02-2022 and 30-03-2022. Requisite Quorum was present for all the Meetings.

**ATTENDANCE AT THE MEETINGS**

Attendance of Members at the Stakeholders' Relationship Committee Meeting(s) held during FY 2021-22.

| Sr. No. | Member | No. of Meetings held during the tenure of Membership | No. of Meetings Attended |
|---|---|---|---|
| 1 | Shri Sunil Parekh[1], Chairman | 2 | 2 |
| 2 | Smt. Mamta Verma, IAS | 6 | 6 |
| 3 | Shri Pankaj Joshi, IAS | 6 | 6 |
| 4 | Prof. Ranjan Kumar Ghosh[2], Chairman | 4 | 4 |

1. Shri Sunil Parekh ceased to be Director w.e.f. 30-09-2021.
2. Prof. Ranjan Kumar Ghosh was inducted as a Member and Chairman w.e.f. 28-10-2021.

## 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 | Catagory |
|---|---|
| Smt. Gauri Kumar, IAS (Retd.), Chairperson | Non-Executive & Independent Director. |
| Prof. Ranjan Kumar Ghosh | Non-Executive & Independent Director. |
| Shri Bhadresh Mehta | Non-Executive & Independent Director. |
| Dr. N. Ravichandran | Non-Executive & Independent Director. |
| Shri Pankaj Joshi, IAS | Managing Director, Executive & Non-Independent Director. |

- The Company Secretary acts as Secretary to the Committee.

**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 2021-22, Three (3) Meetings of the Committee were held. Dates on which the said Meetings were held are – 06-05-2021, 29-07-2021 and 27-10-2021. Requisite quorum was present for all the meetings.

### ATTENDANCE AT THE MEETINGS

Attendance of Members at the Corporate Social Responsibility Committee Meeting(s) held during FY 2021-22.

| Sr. No. | Member | No. of Meetings held during the tenure of Membership | No. of Meetings Attended |
|---|---|---|---|
| 1 | Shri Sunil Parekh[1] | 2 | 2 |
| 2 | Shri Piruz Khambatta[2] | 2 | 2 |
| 3 | Shri Pankaj Joshi, IAS | 3 | 3 |
| 4 | Smt. Gauri Kumar, IAS (Retd.), Chairperson | 3 | 3 |
| 5 | Prof. Ranjan Kumar Ghosh | 3 | 3 |
| 6 | Shri Bhadresh Mehta[3] | N.A. | N.A. |
| 7 | Dr. N. Ravichandran[4] | N.A. | N.A. |

1. Shri Sunil Parekh ceased to be Director w.e.f. 30-09-2021.
2. Shri Piruz Khambhatta ceased to be Director w.e.f. 30-09-2021.
3. Shri Bhadresh Mehta was inducted as a Member of the Committee w.e.f. 04-02-2022.
4. Dr. N. Ravichandran was inducted as a Member of the Committee w.e.f. 04-02-2022.

## E. RISK MANAGEMENT COMMITTEE

### CONSTITUTION & COMPOSITION

Risk Managment Committee was constitued in compliance with the amended Regulation 21 of the SEBI Listing Regulations. This Committee presently comprises of following Seven (7) Members viz.

| Name | Catagory |
|---|---|
| Prof. Ranjan Kumar Ghosh, Chairman | Non-Executive & Independent Director. |
| Smt. Gauri Kumar, IAS (Retd.) | Non-Executive & Independent Director. |
| Shri Bhadresh Mehta | Non-Executive & Independent Director. |
| Dr. N. Ravichandran | Non-Executive & Independent Director. |
| Shri Pankaj Joshi, IAS | Managing Director, Executive & Non-Independent Director. |
| Shri D.V.Parikh | ED& CFO. |
| Shri A C Shah | CS&GM. |

- 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 formulate a detailed risk management policy;

(ii) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

(iii) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

(iv) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

(v) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

(vi) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

**NUMBER OF MEETINGS AND ATTENDANCE**

During FY 2021-22, Two (2) Meetings of the Committee were held. Dates on which the said Meetings were held are 27-08-2021 and 19-02-2022. Requisite Quorum was present for all the meetings.

**ATTENDANCE AT THE MEETINGS**

Attendance of Members at the Risk Management Committee Meeting(s) held during FY 2021-22.

| Sr. No. | Member | No. of Meetings held during the tenure of Membership | No. of Meetings Attended |
|---|---|---|---|
| 1 | Shri Pankaj Joshi, IAS, Chairman[1] | 2 | 2 |
| 2 | Shri Sunil Parekh[2] | 1 | 1 |
| 3 | Shri Piruz Khambatta[3] | 1 | 1 |
| 4 | Smt. Gauri Kumar, IAS (Retd.) | 2 | 2 |
| 5 | Prof. Ranjan Kumar Ghosh[4], Chairman | 1 | 1 |
| 6 | Shri Bhadresh Mehta[5] | 1 | 1 |
| 7 | Dr. N. Ravichandran[6] | 1 | 1 |
| 8 | Shri D V Parikh | 2 | 2 |
| 9 | Shri A C Shah | 2 | 2 |

1. Shri Pankaj Joshi ceased to be Chairman w.e.f. 04-02-2022, However, he continued as a member of the committee.
2. Shri Sunil Parekh ceased to be Director w.e.f. 30-09-2021.
3. Shri Piruz Khambhatta ceased to be Director w.e.f. 30-09-2021.
4. Prof. Ranjan Kumar Ghosh inducted as Member w.e.f. 28-10-2021 and Chairman w.e.f. 04-02-2022.
5. Shri Bhadresh Mehta inducted as a Member w.e.f. 04-02-2022.
6. Dr. N. Ravichandran inducted as a Member w.e.f. 04-02-2022.

## 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 and also of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

## INVESTORS' GRIEVANCE REDRESSAL

Shri A C Shah, Company Secretary is the Compliance Officer for resolution of Shareholders' / Investors' complaints. During the Financial Year ended 31st March, 2022, nine (9) complaints were received from the Shareholders.

Status of Investor Complaints as on 31st March, 2022 as reported under Regulation 13(3) of the Listing Regulations is as follows:

| | |
|---|---|
| Complaints pending as on 1st April, 2021. | 0 |
| Received during the year. | 9 |
| Resolved during the year. | 9 |
| Pending as on 31st March, 2022. | 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 22nd February, 2022.

## 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 program 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 Additional Chief Secretary to the Chief Minister - Gujarat, as Mananging Director on the Board of Directors of the Company effective from 16-07-2020 until further orders from the GoG. As Pankaj Joshi, IAS is holding the additional charge of Managing Director of the Company / GNFC and drawing remuneration from GoG. Presently, no remuneration is paid to him by the Company as Managing Director of the Company.

The Company has received Order No. AIS-45-2021-340467-G dated 2nd August, 2021 of General Administration Department, Government of Gujarat, Gandhinagar, sanctioning Special Pay/Charge Allowance payable at 5% of Basic Pay as per Sixth

Pay Commission to Shri Pankaj Joshi, IAS as Managing Director of the Company for the period from 16-07-2020 to 31-07-2021. Such payment of Special Pay/Charge Allowance will be subject to the ceiling not exceeding the limit specified in Schedule V of the Act.

The remuneration payable to the Managing Director is decided by the Government of Gujarat. Such remuneration is fixed as per the Government's Rules and is not linked with the performance criteria of the Company.

**NON-EXECUTIVE DIRECTORS**

Remuneration of Non-Executive Directors (NEDs) is decided by the Board of Directors. NEDs are paid remuneration by way of Sitting Fees only for attending Board or Committees Meeting(s). They are paid sitting fees @₹17,500/- per Meeting attended by them.

Details of Sitting Fees paid to Non-Executive Directors during FY 2021-22.

| Sr. No. | Director | Sitting Fees Paid (Amount ₹) |
|---|---|---|
| 1 | Shri Anil Mukim, IAS* | 35,000 |
| 2 | Shri Pankaj Kumar, IAS* | 52,500 |
| 3 | Smt. Mamta Verma, IAS* | 1,92,500 |
| 4 | Smt. Gauri Kumar, IAS (Retd.) | 2,97,500 |
| 5 | Shri Sunil Parekh | 2,10,000 |
| 6 | Shri Mukesh Puri, IAS* | 1,75,000 |
| 7 | Prof. Ranjan Kumar Ghosh | 2,97,500 |
| 8 | Shri J P Gupta, IAS* | 35,000 |
| 9 | Shri Bhadresh Mehta | 87,500 |
| 10 | Dr. N Ravichandran | 87,500 |
| 11 | Prof. Piyush Kumar Sinha | 17,500 |
| 12 | 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**

Shri Bhadresh Mehta, Independent Director, holds 75 equity shares in the Company as on 31st March, 2022. Other than Shri Bhadresh Mehta, none of the Non-Executive Directors held the Company's equity shares as on 31st March, 2022. The Company has not issued any convertible instruments.The Company has not granted any Stock Option to its Directors.

## GENERAL BODY MEETINGS

### (a) ANNUAL GENERAL MEETING (AGM)

Previously, the Company's AGMs were held at the Registered Office of the Company at Open Air Theatre, Sports Complex, Narmadanagar Township, P.O.: Narmadanagar – 392 015. Dist.: Bharuch. However, due to the unpreceedented outbreak of COVID-19 pandemic, the 44th AGM (held on 29-09-2020) and the 45th AGM (held on 23-09-2021) were held through Video Conferencing (VC). The date and time of AGMs held during last three years and the Special Resolutions passed there at are as follows:

| Year | Date of AGM | Time | Venue | Special Resolution Passed |
|---|---|---|---|---|
| 2020-21 | 23-09-2021 | 03:00 PM | Through Video Conferencing / Other Audio Video Mode | ———None——- |
| 2019-20 | 29-09-2020 | 03:00 PM | | ———None——- |
| 2018-19 | 26-09-2019 | 11:30 AM | P.O. Narmadanagar-392 015 Dist.: Bharuch, Gujarat | ———None——- |

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

**(b) EXTRA-ORDINARY GENERAL MEETING**

No Extra-ordinary General Meeting of Members was held during FY 2021-22.

**POSTAL BALLOT**

There were no special resolutions passed through Postal Ballot during FY 2021-22.

During April, 2022, the Company had sent a Notice to the Members proposing to pass a Special Resolution through Postal Ballot:

**SPECIAL RESOLUTION:**

| Sr. No. | Particulars of Resolution |
|---|---|
| 1 | Appointment of Prof. Piyushkumar Sinha (DIN: 00484132) as an Independent Director of the Company for a period of three years with effect from 08th March, 2022. |

**RESULT OF VOTING THROUGH POSTAL BALLOT BY REMOTE E-VOTING:**

| Votes Cast | Number of Members | Number of Votes | % of total No. of valid votes cast |
|---|---|---|---|
| In favor | 379 | 9,72,36,376 | 99.81% |
| Against | 13 | 1,83,491 | 0.19% |
| Abstained | 3 | 440 | - |

**PROCEDURE FOR POSTAL BALLOT:**

Pursuant to the provisions of Section 110 of the Act read with Rule 22 of Companies (Management and Administration) Rules, 2014 (M&A Rules), as amended, the Company had issued Postal Ballot Notice dated 1st April, 2022 to the Members, seeking their consent with respect to appointment of Prof. Piyushkumar Sinha (DIN: 00484132) as an Independent Director of the Company for a period of three years with effect from 08th March, 2022. In compliance with the provisions of Sections 108, 110 and all other applicable provisions of the Act read with the M&A Rules, the Company had provided remote e-voting facility to all the Members of the Company.

The Company engaged the services of KFin Technologies Limited, Registrar and Share Transfer Agents (RTA) of the Company for facilitating e-voting to enable the Members to cast their votes electronically. The Board of Directors had appointed CS J J Gandhi, Proprietor of J J Gandhi & Co., Practicing Company Secretaries, as the Scrutinizer for conducting the Postal Ballot through e-voting process in a fair and transparent manner.The e-voting period commenced on Friday, the 22nd April, 2022 at 9:00 A.M. (IST) and ended on Saturday, the 21st May, 2022 at 5:00 P.M. (IST). The cut-off date, for the purpose of determining the number of Members was Friday, 8th April, 2022. A newspaper advertisement, as required under the Act was published in all India edition of "Business Standard" (English Newspaper) and all Gujarat edition of "Loksatta" (Gujarati Newspaper) on 13th April, 2022.

The Scrutiniser, after the completion of scrutiny, submitted his report to Shri A C Shah, Company Secretary, who was duly authorised by the Chairperson to accept, acknowledge and countersign the Scrutiniser's Report as well as declare the voting results in accordance with the provisions of the Act, the Rules framed thereunder and Secretarial Standard – 2, issued by the Institute of Company Secretaries of India.

The consolidated results of the voting by Postal Ballot and e-voting were announced on 23rd May, 2022. The results were also displayed on the Website of the Company at www.gnfc.in and on the Website of KFin Technologies Limited at https://evoting.kfintech.com/ and also communicated to BSE Limited (BSE), National Stock Exchange of India Limited (NSE).

**DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

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

During FY 2021-22, the Company has not entered into any contract / arrangement / transaction with Related Parties, which could be considered material in accordance with the Policy on RPTs. In terms of the omnibus approval accorded by the Audit Committee, a Statement in the summary form of transactions with Related Parties, which are routine and repetitive in nature, in the ordinary course of business and on arm's length basis is periodically placed before the Audit Committee for review and approval. None of the transactions with Related Parties were in conflict with the Company's interest.

**SUBSIDIARY COMPANY**

The Company had incorporated a Wholly Owned Subsidiary Company namely Gujarat Ncode Solutions Limited (GNSL) in the year 2017. As GNSL had not commenced its business operations, it filed an application to the Registrar of Companies (RoC) for removal of its name from the Register of Companies in terms of Section 248(1) of the Act. The RoC vide Order dated 25-09-2021, struck off the name of GNSL from the Register of Companies and accordingly, GNSL stands dissolved from even date. 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.

**ACCOUNTING TREATMENT**

The Company has followed Indian Accounting Standards (Ind AS) in preparation of the Financial Statements for the FY 2021-22 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 the Financial Statements.

**DETAILS OF NON-COMPLIANCE**

The Company has complied with all the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, as amended.

There has been no fine / penalty / stricture imposed on the Company by the Stock Exchanges or the SEBI or any other Statutory Authority on any matter related to capital markets during last three Financial Years.

**RISK MANAGEMENT**

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

**RECONCILIATION OF SHARE CAPITAL AUDIT**

A qualified Practicing Company Secretary carried out Share Capital Audit to reconcile the total admitted equity share capital with the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL") and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical mode and the total number of dematerialized shares held with NSDL and CDSL. Such Quarterly Reports are submitted to BSE and NSE within thirty (30) days from the end of each quarter and also placed before the Board Meetings for noting.

## CODE OF PREVENTION OF INSIDER TRADING PRACTICES

The Company has in place a Code of Conduct for Prevention of Insider Trading under SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018. With a view to regulate trading in securities by the designated persons, the Code lays down the guidelines, which advises the designated persons, on the procedures to be followed and disclosures to be made by them, while dealing in the Company's shares and cautioning them of the consequences of violations, if any.

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

## 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

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

The Company is committed to ensuring that all employees work in an environment that not only promote diversity and equality but also mutual trust, equal opportunity and respect for human rights. The Company is also committed to provide a work environment that ensures every woman employee is treated with dignity, respect and afforded equal treatment.

The Company has formulated a Policy on prevention of Sexual Harassment in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder which is aimed at providing every woman at the workplace a safe, secure and dignified work environment.

The Company has constituted Internal Committee to redress the complaint(s).

**Details of the complaints:**

| | |
|---|---|
| No. of Complaints filed during the Financial Year | 1 |
| No. of Complaints disposed of during the Financial Year | 1 |
| No. of Complaints pending as on end of the Financial Year | 0 |

## LIST OF CREDIT RATINGS OBTAINED BY THE COMPANY DURING THE FY 2021-22:

| Nature of Instrument | Present Rating |
|---|---|
| Fund Based facilities | BWR AA+ / Stable Assignment |
| Non-Fund Based facilities | BWR A1+ / Assignment |

## 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 2021-22, the Company managed the foreign exchange risks and hedged to the extent considered necessary. The Company enters into forward contracts for hedging (including natural hedging) foreign exchange exposures against imports and exports.

## COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN LISTING REGULATIONS

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

The Company has also complied with Corporate Governance requirements 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.

## COMMUNICATION TO SHAREHOLDERS

Effective communication of information is an essential component of Corporate Governance. It is a process of sharing information, ideas, thoughts, opinions and plans to all stakeholders which promotes management-shareholder relations. The Company regularly interacts with shareholders through multiple channels of communication such as:

| | |
|---|---|
| Results Announcements | The Quarterly, Half yearly and Annual Results of the Company's performance are published in leading newspapers such as Business Standard, Indian Express, Sandesh and Gujarat Samachar. |
| Annual Report and AGM | Annual Report containing Audited Standalone and Consolidated Financial Statements together with Report of Board of Directors, Management Discussion and Analysis Report, Corporate Governance Report, Auditors Report and other important information are circulated to the Members. In the AGM, the shareholders also interact with the Board and the Management. |
| Media Releases | All our news releases and presentations made at investor conferences and to analysts are hosted on the website of the Company. |
| Company's Website | The Company's website contains a dedicated section for Investors where Annual Reports, Quarterly and Annual Results, Stock Exchange filings, Press Releases, Quarterly Reports, and all Statutory Policies are available, apart from the details about the Company, Board of Directors and Management. The website also displays vital information relating to the Company and its performance, official press releases and presentation to analysts. |
| Designated Email Ids | For Investor: investor@gnfc.in |
| Stock Exchanges | All price sensitive information and matters that are material to shareholders are disclosed to the respective Stock Exchanges where the securities of the Company are listed. The Quarterly Results, Shareholding Pattern and all other corporate communication to the Stock Exchanges are filed through NSE Electronic Application Processing System (NEAPS), NSE Digital Exchange platform and BSE Listing Centre for dissemination on their respective websites. The stock exchange filings are also made available on the website of the Company at www.gnfc.in |
| SCORES (SEBI Investor Grievance Redressal System) | SCORES platform of SEBI facilitates online filing of investor grievance and online view of the status. The Company endeavours to redress the grievance of the Investors as soon as it receives it from the SCORES platform. |

## INVESTOR SERVICES

### WEB-BASED QUERY REDRESSAL SYSTEM

Members may utilise the facility extended by the Registrar and Share Transfer Agent for redressal of queries by visiting https://karisma.kfintech.com/ and clicking on 'INVESTORS SERVICES' option for query registration through an identity registration process. Investors can submit their query in the 'QUERIES' option provided on the said website, that would generate the query registration number. For accessing the status/response to the query submitted, the query registration number can be used at the option 'VIEW REPLY' after 24 hours. Investors can continue to put an additional query, if any, relating to the grievance till they get a satisfactory reply.

### CERTIFICATION FROM COMPANY SECRETARY IN PRACTICE

Certificate as required under Part C of Schedule V to the Listing Regulations, received from Shri Suresh Kumar Kabra, (CP No. 9927) partner of Samdani Shah & Kabra, Practicing Company Secretaries, Vadodara, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority. The Certificate is enclosed as Annexure 1 to this Report.

### TOTAL FEES FOR ALL THE SERVICES RENDERED BY THE STATUTORY AUDITORS AND ALL ENTITIES IN THE NETWORK ENTITY IN WHICH THE STATUTORY AUDITOR IS A PART.

The Members of the Company had, in the 45$^{th}$ AGM held in the year 2021, approved the appointment of M/s Suresh Surana & Associates LLP as Statutory Auditors for a period of five (5) consecutive years from the conclusion of 45$^{th}$ AGM till the conclusion of 50$^{th}$ AGM of the Company, vice M/s SRBC & Co. LLP.

Total Fees paid to the Statutory Auditors is:

| **Name of the Staturory Auditor**<br>(M/s SRBC & Co. LLP) | **(₹ Crores)** |
|---|---|
| Statutory Audit Fee | NIL |
| Other Services including reimbursement of expenses | 0.19 |

| **Name of the Staturory Auditor**<br>(M/s Suresh Surana & Associates LLP) | **(₹ Crores)** |
|---|---|
| Statutory Audit Fee | 0.13 |
| Other Services including reimbursement of expenses | 0.09 |

## COMPLIANCE

### MANDATORY REQUIREMENTS

The Company is fully compliant with the applicable mandatory requirements of the Listing Regulations for the FY 2021-22.

### 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:

i. **Non-Executive Chairman's Office:** Chairman's Office is separate from that of the Managing Director. The Chairman is a Non-Executive Director and not related to the Managing Director.

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, 2022 do not contain any modified Audit Opinion.

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

**GENERAL SHAREHOLDER INFORMATION**

**Annual General Meeting**

| | | |
|---|---|---|
| Day | : | Tuesday |
| Date | : | 27th September, 2022 |
| Time | : | 3:30 PM |
| Venue | : | The AGM of the Company is being held through VC/OAVM. The deemed venue for the 46th AGM will be the Registered Office of the Company, at the Board Room, P.O. Narmadanagar - 392 015, District: Bharuch. |

**Financial Year** 1st April, 2021 to 31st March, 2022.

**Financial Calendar : (Tentative)**

| Results for the Quarter ending on | | Announced / will be announced by |
|---|---|---|
| 30th June, 2022 | : | 8th August, 2022 |
| 30th September, 2022 | : | 14th November, 2022* |
| 31st December, 2022 | : | 14th February, 2023* |
| 31st March, 2023 | : | 30th May, 2023* |

* These are indicative dates subject to change as per the MCA Circular(s) that may be issued from time to time.

**Books Closure**

| | | |
|---|---|---|
| Closure of Register of Members and Share Transfer Books | : | Wednesday, the 21st September, 2022 to Tuesday, the 27th September, 2022 (Both days inclusive). |
| **Dividend Payment Date** | : | Dividend @ 100% i.e. ₹ 10/- per equity share having face value of ₹ 10/- each fully paid up, will be paid on or after 3rd October, 2022 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; and

2) **BSE Limited (BSE)**
PJ Towers, Dalal Street, Mumbai - 400 001.

**LISTING FEES TO STOCK EXCHANGES**

The Company has already paid Annual Listing Fees to NSE and BSE for the FY 2022-23.

**CUSTODIAL FEES TO DEPOSITORIES**

The Company has already paid Custodial Fees to National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for the FY 2022-23.

## 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 2021-22:

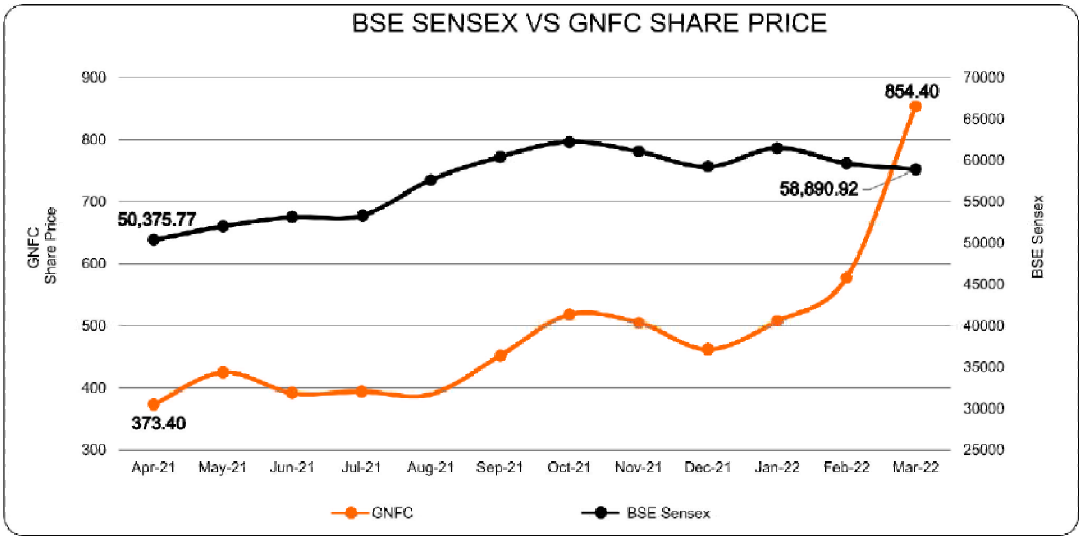
(Amount ₹)

| MONTH | BSE | | NSE | |
|---|---|---|---|---|
| | High | Low | High | Low |
| April - 2021 | 373.40 | 292.05 | 373.65 | 294.25 |
| May | 425.00 | 352.30 | 422.40 | 352.40 |
| June | 391.50 | 350.65 | 391.85 | 350.30 |
| July | 394.35 | 351.30 | 394.50 | 351.20 |
| August | 389.65 | 313.05 | 389.35 | 314.10 |
| September | 451.90 | 322.65 | 451.80 | 322.60 |
| October | 517.95 | 420.60 | 518.20 | 420.35 |
| November | 504.95 | 390.65 | 504.90 | 390.10 |
| December | 462.00 | 403.25 | 462.00 | 403.05 |
| January - 2022 | 507.40 | 437.85 | 507.45 | 436.70 |
| February | 577.55 | 453.40 | 577.90 | 453.50 |
| March | 854.40 | 545.00 | 854.60 | 544.00 |

## STOCK PERFORMANCE 2021-22.

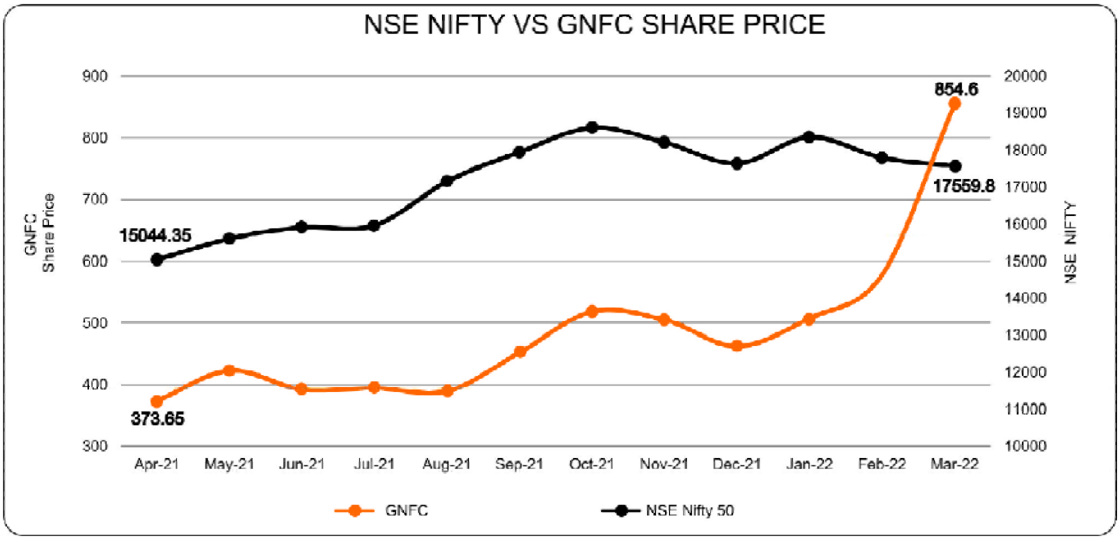
### STOCK PERFORMANCE VS BSE INDEX:

| Months | GNFC HIGHEST (₹) | BSE SENSEX HIGHEST |
|---|---|---|
| April - 2021 | 373.40 | 50,375.77 |
| May | 425.00 | 52,013.22 |
| June | 391.50 | 53,126.73 |
| July | 394.35 | 53,290.81 |
| August | 389.65 | 57,625.26 |
| September | 451.90 | 60,412.32 |
| October | 517.95 | 62,245.43 |
| November | 504.95 | 61,036.56 |
| December | 462.00 | 59,203.37 |
| January - 2022 | 507.40 | 61,475.15 |
| February | 577.55 | 59,618.51 |
| March | 854.40 | 58,890.92 |




**STOCK PERFORMANCE VS NIFTY 50:**

| MONTH | GNFC HIGHEST (₹) | NIFTY HIGHEST |
|---|---|---|
| April - 2021 | 373.65 | 15044.35 |
| May | 422.40 | 15606.35 |
| June | 391.85 | 15915.65 |
| July | 394.50 | 15962.25 |
| August | 389.35 | 17153.50 |
| September | 451.80 | 17947.65 |
| October | 518.20 | 18604.45 |
| November | 504.90 | 18210.15 |
| December | 462.00 | 17639.50 |
| January - 2022 | 507.45 | 18350.95 |
| February | 577.90 | 17794.60 |
| March | 854.60 | 17559.80 |



**Unpaid / Unclaimed Dividends**

In accordance with the provisions of Sections 124 and 125 of Act and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules) dividends not encashed / claimed up to seven (07) consecutive years from the date of declaration are to be transferred to the Investor Education and Protection Fund (IEPF) Authority.

The IEPF Rules mandate Companies to transfer Shares of Members whose dividends remain unpaid / unclaimed for a continuous period of seven years to the Demat account of the IEPF Authority. The Members whose dividend / shares are transferred to the IEPF Authority can claim their shares / dividend from the Authority. In accordance with the said IEPF Rules as amended, the Company had sent notices to all the Shareholders whose shares were due to be transferred to the IEPF Authority and simultaneously published notice in newspapers also.

In terms of the provisions of IEPF Rules / Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, ₹1.31 crores of unpaid / unclaimed dividends and 2,94,484 Shares were transferred during the FY 2021-22 to the IEPF Authority.

**Investors' Services:**

The Company has appointed "M/s. KFin Technologies Limited", Hyderabad (SEBI Registration No. INR000000221) as its Registrar and Share Transfer Agent (RTA) for both the forms of Registry viz. Physical as well as Electronic Connectivity.

**Share Transfer System:**

All communications regarding share certificates, change of address, dividends etc. should be addressed to the RTA.

According to the Listing Regulations, no shares can be transferred unless they are held in dematerialised mode. Members holding shares in physical form are therefore requested to convert their holdings into dematerialized mode to avoid loss of shares and fraudulent transactions and avail better investor servicing. Accordingly, only valid transmission or transposition cases may be processed by the RTA of the Company, subject to compliance with the guidelines prescribed by SEBI.

KFin Technologies Limited is the common Share transfer agent for both physical and dematerialised mode. Transfer of shares in electronic form were processed and approved by NSDL and CDSL through their Depository Participant without the involvement of the Company.

The Company obtains an annual certificate from Practising Company Secretaries as per the requirement of Regulation 40(9) of Listing Regulations and the same is filed with the Stock Exchanges and available on the website of the Company.

In terms of amended Regulation 40 of Listing Regulations w.e.f. 1$^{st}$ April, 2019, transfer of securities in physical form shall not be processed unless the securities are held in the Demat mode with a Depository Participant. Further, with effect from 24$^{th}$ January, 2022, the SEBI has made it mandatory for listed companies to issue securities in Demat mode only while processing any investor service requests viz. issue of duplicate share certificates, exchange/sub-division/ splitting/consolidation of securities, transmission/ transposition of securities. Vide its Circular dated 25$^{th}$ January, 2022, SEBI has clarified that listed entities/ RTAs shall now issue a Letter of Confirmation in lieu of the share certificate while processing any of the aforesaid investor service request.

**Simplified Norms for processing Investor Service Request.**

SEBI, vide its Circular dated 3$^{rd}$ November, 2021, has made it mandatory for holders of physical securities to furnish PAN, KYC and Nomination/Opt-out of Nomination details to avail any investor service. Folios wherein any one of the above mentioned details are not registered by 1$^{st}$ April, 2023 shall be frozen. The concerned Members are therefore urged to furnish PAN, KYC and Nomination/ Opt out of Nomination by submitting the prescribed forms duly filled by email from their registered email id to einward.ris@kfintech.com or by sending a physical copy of the prescribed Forms duly filled and signed by the registered holders to M/s. KFin Technologies Limited at Selenium Tower B, Plot 31 & 32, Gachibowli Financial District, Nanakramguda, Hyderabad-500 032.

## DISTRIBUTION OF SHARE HOLDING AS ON 31st MARCH 2022.

| Sr. No. | Category of Equity Shares | No. of Share holders | % to total Share holders | No. of Shares | % to Total Equity Capital |
|---|---|---|---|---|---|
| 1. | 1 to 250 | 2,15,336 | 90.57% | 1,32,83,168 | 8.55% |
| 2. | 251 to 500 | 12,348 | 5.19% | 46,41,934 | 2.99% |
| 3. | 501 to 1000 | 5,505 | 2.32% | 42,82,996 | 2.76% |
| 4. | 1001 to 2000 | 2,294 | 0.96% | 34,64,395 | 2.23% |
| 5. | 2001 to 3000 | 717 | 0.30% | 18,34,328 | 1.18% |
| 6. | 3001 to 4000 | 334 | 0.14% | 12,02,878 | 0.77% |
| 7. | 4001 to 5000 | 279 | 0.12% | 13,16,625 | 0.85% |
| 8. | 5001 to 10000 | 424 | 0.18% | 30,95,883 | 1.99% |
| 9. | 10001 and above | 519 | 0.22% | 12,22,96,576 | 78.69% |
| | **Total** | **2,37,756** | **100.00%** | **15,54,18,783** | **100.00%** |

## Shareholding Pattern of the Company as on 31st March 2022.

| Sr. No. | Category of Shareholders | Total No. of Shares | % to Total Equity Capital |
|---|---|---|---|
| 1. | Promoters & Promoters Group. | 6,40,06,713 | 41.18% |
| 2. | Alternative Investment Fund | 69,800 | 0.04% |
| 3. | Banks | 7,629 | 0.00% |
| 4. | Bodies Corporates | 33,30,455 | 2.14% |
| 5. | Clearing Members | 5,16,805 | 0.33% |
| 6. | Foreign Institutional Investors | 98,979 | 0.06% |
| 7. | Foreign Nationals | 6,314 | 0.00% |
| 8. | Foreign Portfolio - Corp | 3,47,99,998 | 22.39% |
| 9. | HUF | 18,03,925 | 1.16% |
| 10. | IEPF | 25,35,007 | 1.63% |
| 11. | Insurance Companies | 575 | 0.00% |
| 12. | Mutual Funds | 9,80,039 | 0.63% |
| 13. | NBFC | 4,673 | 0.00% |
| 14. | Non Resident Indian Non Repatriable | 5,50,772 | 0.35% |
| 15. | Non Resident Indians | 24,57,937 | 1.58% |
| 16. | Overseas Corporate Bodies | 700 | 0.00% |
| 17. | Qualified Institutional Buyer | 69,84,704 | 4.49% |
| 18. | Resident Individuals | 3,71,85,936 | 23.93% |
| 19. | Trusts | 77,822 | 0.05% |
| | **Total** | **15,54,18,783** | **100.00%** |

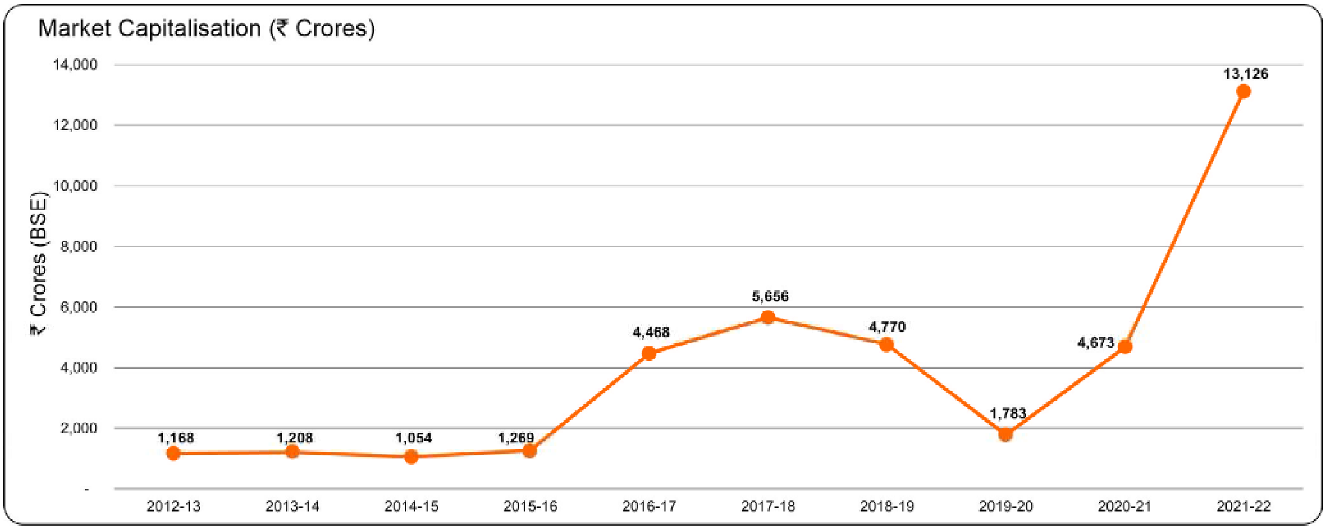
**Dematerialization of Shares:**

As on 31st March, 2022, 96.15% of the shares were held in dematerialized mode and remaining shares in physical mode. As notified by the SEBI, the equity shares of the Company are permitted to be traded only in dematerialized mode.

| Particulars | No. of Holders | No. of Shares | % |
|---|---|---|---|
| **Physical Segment** | 75,013 | 59,89,863 | 3.85% |
| **Demat Segment** | | | |
| NSDL (A) | 79,729 | 10,08,89,770 | 64.91% |
| CDSL (B) | 83,014 | 4,85,39,150 | 31.24% |
| Total (A+B) | 1,62,743 | 14,94,28,920 | 96.15% |
| **TOTAL** | **2,37,756** | **15,54,18,783** | **100.00%** |

**Market Capitalization:**

The Market Capitalization of the Company based on year-end closing prices quoted in the BSE Limited:




**Non-resident Shareholders:**

The non-resident Shareholders are requested to notify the followings to the Company/ Company's RTA - Kfin Tech in respect of shares held in physical mode and to their Depository Participants (DPs) in respect of shares held in dematerialized mode:

- Indian address for sending all communications, if not provided so far;
- Change in their residential status on return to India for permanent settlement;
- Particulars of Bank Account maintained with a Bank in India, if not furnished earlier;
- RBI permission reference number with date to facilitate credit of dividend in their bank account.

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

Statement showing the details of delivery of unclaimed shares given to Shareholders during the period from 1st April, 2021 to 31st March, 2022 as per Clause 39(4) of the SEBI (Listing Regulations) and also aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 31-03-2022:

| 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. | 559 | 35,886 |
| (ii) Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year. | NIL | NIL |
| (iii) Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year. | NIL | NIL |
| (iv) No. of Shares liable to be transferred to IEPF | | |
| Authority Demat A/C as per IEPF Authority Rules and hence transferred on 20-11-2018. | 164 | 19,841 |
| (v) Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year. | 395 | 16,045 |

**Notes:**

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

**Outstanding GDRs:**

The Company has delisted Global Depository Receipts (GDRs) from Luxembourg Stock Exchange, Luxembourg and terminated the Depository Agreement with the BNY Mellon. As on 31st March, 2022, No GDRs were outstanding.

**Plant Locations :**

All the manufacturing Plants of the Company are located at the Registered Office situated at P.O.: Narmadanagar - 392 015, Dist.: Bharuch. The Company has set up a 50,000 MTPA, TDI-II Plant at P.O.: Dahej – 392 130, Taluka - Vagra, Dist.: Bharuch.

Activities in the area of Information Technology (IT) are being carried out at the Registered Office as also at GNFC Infotower, 3rd Floor, Bodakdev, Gandhinagar-Sarkhej Highway, Ahmedabad - 380 054 and at GIFT City, 14th Floor, GIFT One Tower, Road 5-C, Zone-5, Gandhinagar – 382 355.

**Address for Correspondence:**

All correspondence relating to the Company's Shares should be forwarded to:

**Registrar & Share Transfer Agent (RTA) of the Company:**

KFin Technologies Limited
Unit: Gujarat Narmada Valley Fertilizers & Chemicals Ltd.
Selenium Tower B, Plot 31-32, Gachibowli, Financial District,
Nanakramguda, Hyderabad - 500 032.

**Investor Service Centre:**

Secretarial & Legal Department;
Gujarat Narmada Valley Fertilizers & Chemicals Ltd.
'Narmada House', Corporate Office,
P.O.: Narmadanagar - 392 015, Dist.: Bharuch.
Phone: 02642 247002 (Extn: 2208), 02642-202227/202282/
Telefax: 02642 - 247084, E-mail: investor@gnfc.in

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

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

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

In accordance with the SEBI, Listing Regulations, I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with their respective Code of Conduct as adopted by the Board of Directors of the Company, for the Financial Year ended 31st March, 2022.

Sd/-
**SHRI PANKAJ JOSHI, IAS**
MANAGING DIRECTOR

Place: Bharuch
Date: 19th August, 2022

## Corporate Governance Compliance Certificate

**For the Financial Year ended March 31, 2022**

**[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, 2022 ("period under review"), as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

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

We state that in respect of investor grievances received during the period under review, no such grievance is pending against the Company, as per the records maintained by the Company and presented to the Stakeholders Relationship Committee.

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

**Suresh Kumar Kabra**
Partner

**Samdani Shah & Kabra**
Company Secretaries
FCS No. 9711; CP No. 9927
**UDIN: A009711D000677499**
Peer Review Certificate No. 1079/2021

Place: Vadodara
Date: 25th July, 2022

# CERTIFICATE ON NON-DISQUALIFICATION OF DIRECTORS

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

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

We have examined the Registers, Papers, Books, Records, Forms, Returns, Declarations, Disclosures and other related documents of Gujarat Narmada Valley Fertilizers & Chemicals Limited ("Company"), having CIN: L24110GJ1976PLC002903, situated at P.O.: Narmadanagar Dist.: Bharuch- 392015, Gujarat, India as produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V – Para - C Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company, its officers and representatives, we hereby certify that none of the Directors on the Board of the Company, as stated below for the Financial Year ended as on March 31, 2022, 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 (Retd.) Chairman[1] | Promoter, Non-Executive, Non-Independent | 02842064 | 13-12-2019 | - |
| 2. | Smt. Gauri Kumar, IAS (Retd.) | Non-Executive, Independent | 01585999 | 30-03-2020 | 29-09-2020 |
| 3. | Smt. Mamta Verma, IAS | Non-Executive, Non-Independent | 01854315 | 05-10-2015 | 23-09-2021 |
| 4. | Shri Sunil Parekh[2] | Non-Executive, Independent | 06992456 | 10-10-2014 | 29-09-2018 |
| 5. | Shri Piruz Khambatta[3] | Non-Executive, Independent | 00502565 | 10-10-2014 | 29-09-2018 |
| 6. | Shri Pankaj Joshi, IAS Managing Director | Promoter, Executive, Non-Independent | 01532892 | 16-07-2020 | 29-09-2020 |
| 7. | Shri Mukesh Puri, IAS | Non-Executive, Non-Independent | 03582870 | 07-01-2021 | 23-09-2021 |
| 8. | Prof. Ranjan Kumar Ghosh | Non-Executive, Independent | 08551618 | 29-10-2020 | 23-09-2021 |
| 9. | Shri PankajKumar, IAS[4] Chairman | Promoter, Non-Executive, Non-Independent | 00267528 | 07-09-2021 | - |
| 10. | Prof. Piyushkumar Sinha[5] | Non-Executive - Independent | 00484132 | 08-03-2022 | 21-05-2022 |
| 11. | Shri J P Gupta, IAS[6] | Non-Executive – Non-Independent | 01952821 | 20-12-2021 | - |
| 12. | Dr. N. Ravichandran[7] | Non-Executive - Independent | 02065298 | 29-12-2021 | - |
| 13. | Shri Bhadresh Mehta[8] | Non-Executive - Independent | 02625115 | 29-12-2021 | - |

**Notes:**

1. Ceased to be a Director w.e.f. 03-09-2021.
2. Ceased to be Independent Director w.e.f. 30-09-2021.
3. Ceased to be Independent Director w.e.f. 30-09-2021.
4. Appointed as an Nominee Director w.e.f. 07-09-2021

5. Appointed as an Additional Director (Independent Category) w.e.f. 08-03-2022, thereafter appointed as Independent Director w.e.f. 21-05-2022.
6. Appointed as an Additional Director w.e.f. 20-12-2021
7. Appointed as an Additional Director (Independent Category) w.e.f. 29-12-2021
8. Appointed as an Additional Director (Independent Category) w.e.f. 29-12-2021

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 Secretaries
FCS No. 9711; CP No. 9927
**UDIN: A009711D000677499**
Peer Review Certificate No. 1079/2021

Place: Vadodara
Date: 25th July, 2022

# INDEPENDENT AUDITORS' REPORT

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

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of Gujarat Narmada Valley Fertilizers & Chemicals Limited (the "Company"), which comprise the Balance Sheet as at March 31 2022, the Statement of Profit and Loss, including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standard prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules 2015 as amended ("Ind AS") and the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

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

### Emphasis of Matter

We draw attention to note 43(B) to the standalone financial statements regarding a matter relating to demand of ₹ 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 assessment in consultation with Senior Advocates of the said demand, the Company is of the view that no provision is required to be made at this point of time in respect of above matter.

Our opinion is not modified in respect of the above matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the Financial Year ended March 31, 2022. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

| 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.<br>During the year ended March 31, 2022, the Company has recognized Urea Subsidy Income of ₹ 1,658.90 crores and has outstanding Urea subsidy receivables of ₹ 460.13 crores.<br>The measurement of Urea Subsidy Income involves application of relevant regulatory pronouncements and notifications, understanding of applicable energy norms, and management estimates / judgments 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 judgments, arising from notification by the Department of Fertilizers.<br>Accordingly, recognition and measurement of subsidy income is determined to be a key audit matter for our audit of standalone financial statements. | Our audit procedures included the following:<br>• We assessed the Company's revenue recognition policy for Urea Subsidy Income.<br>• 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.<br>• 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.<br>• 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.<br>• We reviewed follow-ups made by the Company with the Department of Fertilizers, Government of India and management assessment of recoverability of aged balances.<br>• We tested the collections made during the year as well as subsequent period against such subsidy income recognized by the Company.<br>• We assessed the appropriateness of disclosures in the Standalone financial statements in respect of Urea Subsidy Income. |
| **Valuation of Inventories, including Stores and Spares** | |
| The Company has total inventory of ₹ 976.97 crores which comprises of raw material inventory ₹ 362.44 crores, work-in-progress inventory ₹ 38.58 crores, finished goods inventory ₹ 80.04 crores, trading inventory ₹ 14.82 crores and stores and spares inventory (including coal inventory of ₹ 96.28 crores) ₹ 481.09 crores (net of provision for excess inventory) as at March 31, 2022.<br>The Company has created a provision of ₹ 21.06 crores against inventory of stores and spares based on evaluation of its usability including for aged items. | Our audit procedures included the following:<br>• We reviewed the management policy for physical verification and the documents related to management's physical count procedure actually followed during the year.<br>• We understood the management process for assessment of value in use/ net realisable value of various class of inventories and making provision for excess inventory.<br>• We reviewed the management's judgment applied in estimating the value of excess inventory for stores & spares, taking into consideration management assessment of the present and future condition of the inventory. |

| | |
|---|---|
| Accordingly, appropriateness of the estimates used to identify the valuation of inventories, including stores and spares is determined to be a key audit matter for our audit of standalone financial statements. | • 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.<br>• We have performed Physical verification of inventories as at March 31, 2022. Our procedures did not identify any material exceptions. |
| **Evaluation of uncertain tax demand positions and other legal litigations** | |
| The Company has material uncertain tax demand positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes and significant open legal proceedings under arbitration and courts for various matters with its contractors / vendors and in Government departments, continuing from earlier years which are part of Contingent Liability.<br>Due to complexity involved in these litigation matters, management's judgment regarding recognition and measurement of provisions for these legal proceedings is inherently uncertain and might change over time as the outcomes of the legal cases are determined. | Our audit procedures included the following:<br>• We have obtained details of completed tax assessments and demands as at 31 March 2022 from the management.<br>• We have inquired with the management including in- house legal experts.<br>• We have reviewed the minutes of the meetings and those charged with governance, and correspondences between the Company and the external legal experts and other evidences to corroborate management assessment in respect of disputed tax matters.<br>• We have assessed the management's position through discussions with the in-house legal expert and external legal opinions obtained by the Company (where considered necessary) on both, the probability of success in the aforesaid cases, and the magnitude of any potential loss.<br>• We have discussed with the management on the development in the litigations during the year ended 31 March 2022 and provision for contingencies of ₹ 55.70 crores made during the FY 2021-22. |

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report (i.e. Directors' Report, Corporate Governance and Management Discussion and Analysis), but does not include the standalone financial statements and our auditor's report thereon.

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

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

When we read the Other Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 (Revised) 'The Auditor's responsibilities Relating to Other Information'.

## Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended including the Companies (Indian Accounting Standards) Amendment Rules, 2020. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

## Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

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

the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the Financial Year ended March 31, 2022 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 standalone financial statements of the Company for the year ended 31 March 2021 have been audited by the predecessor auditors. The report of the predecessor auditors dated 17 May 2021 expressed an unmodified opinion. Our opinion is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   
   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash flows dealt with by this Report are in agreement with the books of account;
   
   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
   
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

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

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the Company to its directors during the year is in accordance with the provisions of section 197 read with Schedule V to the Act;

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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 36(A) to the standalone financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 21 to the standalone financial statements;

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

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. (a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

(b) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

**For Suresh Surana & Associates LLP**
Chartered Accountants
Firm's Reg. No. 121750W/W-100010
**Ramesh Gupta**
Partner
Membership No.: 102306
UDIN: 22102306AIQTVQ5045

Place of Signature: Mumbai
Date: May 9, 2022

## ANNEXURE '1' TO THE INDEPENDENT AUDITORS' REPORT

**(Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date)**

(i) In respect of the Company's Property, Plant and Equipment and Intangible Assets, :

(a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of its Property, Plant and Equipment and relevant details of Right of Use Assets.

(B) The Company has maintained proper records showing full particulars of its Intangible assets.

(b) The Company has a regular program of physical verification of Property, Plant and Equipment in a phased manner so as to cover all the assets once every three years which, in our opinion, is reasonable having regard to size of the Company and nature of its assets. Pursuant to the program, a portion of the Property, Plant and Equipment have been physically verified by the management during the year. The discrepancies noticed on physical verification of Property, Plant and Equipment were not material and the same have been properly dealt with in the books of account.

(c) According to the information and explanations given to us by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company. In respect of immovable properties of land that have been taken on lease and disclosed as property, plant and equipment (Note 4) in the financial statements, the lease agreement for two parcels of the leasehold land are yet to be entered in the name of the Company, although the Company is the lessee as per the arrangement as mentioned below.

| Description of property | Gross carrying value | Held in name of | Whether promoter, director or their relative or employee | Period held - indicate range, where appropriate | Reason for not being held in the name of the Company* |
|---|---|---|---|---|---|
| Land leasehold | 43.05 | GIDC, Bharuch | No | September 4, 2012 | The lease deed for plots allotted are not executed in favour of Company because some of the portion of the lands are Gaucher and Government Land are falling in the plot allotted to the Company and lease will be executed after allotment of Gaucher and Government Land to GNFC.*not in dispute |

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use Assets) and Intangible assets during the year.

(e) According to information and explanations given to us, no proceedings have been initiated or are pending against the Company as of March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) In respect of the Inventories, according to the information and explanations given to us and on the basis of our examination of the records of the Company:

(a) Physical verification of inventory (i.e. stores and spares including capital stores) has been conducted by the management at reasonable intervals during the year and no material discrepancies were noticed on such physical verification. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on physical verification of stock as compared to book records were not material and the same have been properly dealt with in the books of account.

(b) The Company has been sanctioned working capital limits in excess of five crores rupees, in aggregate, from a bank on the basis of security of current assets. According to information and explanations given to us and the records examined by us, the quarterly returns, filed by the Company during the year with such bank are in agreement with books of account, except as under.

(₹ Crores)

| Quarter ended | Nature of current Assets / Liabilities where differences were observed | Amount disclosed as per quarterly return / statement | Amount as per books of | Amount of Difference | Reasons for material difference |
|---|---|---|---|---|---|
| Q1 | Inventory - Finished goods | 238.37 | 237.65 | 0.72 | Immaterial |
| | Trade receivables | 599.37 | 591.63 | 7.74 | Note – 1 |
| | Advances to suppliers | 36.85 | 35.20 | 1.65 | Note – 2 |
| | Trade payable | 440.93 | 471.80 | (30.87) | Note – 3 |
| Q2 | Trade receivables | 658.33 | 652.13 | 6.20 | Note – 1 |
| | Advances to suppliers | 59.25 | 57.60 | 1.65 | Note – 2 |
| | Trade payable | 452.18 | 461.09 | (8.91) | Note – 3 |
| Q3 | Advances to suppliers | 43.99 | 42.35 | 1.64 | Note – 2 |
| | Trade payable | 409.99 | 449.20 | (39.21) | Note – 3 |
| Q4 | Inventory - raw material | 346.81 | 362.44 | (15.63) | Note – 4 |
| | Inventory - stores & spares | 503.97 | 495.91 | 8.06 | Note – 5 |
| | Inventory - finished goods | 77.53 | 80.04 | 2.51 | Note – 6 |
| | Trade receivables | 610.20 | 625.10 | (14.90) | Note – 7 |
| | Advances to suppliers | 64.33 | 62.59 | 1.64 | Note – 2 |
| | Trade payable | 612.38 | 631.20 | (18.82) | Note – 8 |

**Notes:**

1) Reclassification adjustments with advances from customers not considered in returns / statements submitted to bank.

2) The amount disclosed as per quarterly returns / statements reconciles with gross book balance without adjustment of provision

3) Accrued expenses / reclassification adjustments not considered in returns / statements submitted to bank.

4) In transit inventory related to oil was not considered in returns / statements submitted to bank.

5) Provision for excess inventory was recognised as a subsequent event, hence not considered in returns / statements submitted to bank.

6) Inventory valuation impact was recognised subsequent to submission of return / statement to bank, hence not considered in returns / statements submitted to bank.

7) Differential freight subsidy recognised as a subsequent event, hence not considered in returns / statements submitted to bank.

8) Accrued expenses / reclassification adjustments and liability for in transit inventory related to oil not considered in returns / statements submitted to bank.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided guarantees, security or granted advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnership or any other parties during the year. The Company has made investments, granted loans to companies and other parties in respect of which the requisite information is provided in clause (a) to (f) as below to the extent applicable. The Company has not made any investments in or provided any guarantee or security to firms or limited liability partnership.

(a) Based on the audit procedures carried out by us and as per the information and explanations given to us, the Company has provided loans as below:

**(₹ Crores)**

| Particulars | Loans |
|---|---|
| **Aggregate amount of loan given during the year** | |
| - Other than the related parties | |
| Employees | 35.93 |
| Company | 2,400.00 |
| **Balance outstanding as at balance sheet date** | |
| - Other than the related parties | |
| Employees | 174.29 |
| Company | 2,400.00 |

(b) According to the information and explanations given to us and based on the audit procedures carried out by us, in our opinion the investments made during the year and the terms and conditions of the grant of loans provided during the year are prima facie, not prejudicial to the interest of the Company. The Company has not provided any guarantee during the year.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion, the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advances in the nature of loans to any party during the year.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

(iv) According to information and explanations given to us, the Company has not granted any loan, or made investment in or provided any guarantee or security to the parties covered under Section 185 and 186 of the Act during the year. Accordingly, the provisions of clause 3(iv) of the Order are not applicable to the Company.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of Sections 73 to 76 of the Act and the rules made thereunder. Accordingly, reporting under clause 3(v) of the Order are not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of fertilizer and industrial products and for the services provided by the Company. In our opinion prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) In respect of statutory dues :

(a) According to the information and explanations given to us, the Company has been regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, duty of customs, cess and any other statutory dues as applicable to the appropriate authorities. There are no undisputed amounts payable in respect of aforesaid statutory dues, which were outstanding as on the last day of the Financial Year for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, the dues of income-tax, sales-tax, duty of excise, value added tax and cess as at 31 March, 2022 which have not been deposited on account of any dispute are as follows:

| Name of Statute | Nature of dues | Forum where dispute is pending | Period to which the amount related | Amount involved (₹ Crores) | Amount Unpaid* (₹ Crores) |
|---|---|---|---|---|---|
| Central Excise Act, 1944 | Excise Duty | Principal Commissioner, Custom House, Kandla | FY 2015-16 | 0.05 | 0.05 |
| | | Commissioner Appeals, Baroda | FY 2009-13 | 131.09 | 131.09 |
| Central Sales Tax Act, 1994/Gujarat Value Added Tax Act, 2004 | Value Added Tax/Central Sales tax | Gujarat Value added Tax tribunal | FY 2006-07 | 15.48 | 14.98 |
| | | | FY 2007-08 | 20.93 | 20.43 |
| | | Commercial Tax Department, Government of Madhya Pradesh | FY 2015-16 | 0.01 | 0.01 |
| The Income Tax Act, 1961 | Income Tax | Commissioner of Income-tax (Appeals) | AY 2008-09 | 1.07 | 1.07 |
| | | | AY 2015-16 | 0.14 | 0.14 |
| | | | AY 2016-17 | 0.11 | 0.11 |
| | | | AY 2017-18 | 19.86 | 19.86 |
| | | | AY 2018-19 | 84.69 | 84.69 |
| | | Income-tax AppellateTribunal | AY 2012-13 | 0.40 | 0.40 |
| | | | AY 2013-14 | 27.39 | 27.39 |
| | | High Court | AY 2009-10 | 2.07 | 2.07 |
| | | Supreme Court | AY 2010-11 | 3.54 | 3.54 |
| | | | AY 2011-12 | 3.83 | 3.83 |

* Net of amount paid under protest

(viii) According to the information and explanations given to us, there were no unrecorded transactions that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix) (a) According to information and explanations given to us, the Company has not defaulted in repayment of dues to any lender. Accordingly, reporting under clause 3(ix)(a) of the Order is not applicable to the Company.

(b) According to information and explanations given to us, the Company has not been declared willful defaulter by any bank or financial institution or other lender. Accordingly, reporting under clause 3(ix)(b) of the Order is not applicable to the Company.

(c) According to information and explanations given to us, the Company has not obtained any term loan. Accordingly, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.

(d) According to information and explanations given to us, and on the basis of our examination of the records of the Company, funds raised on short term basis have, prima facie, not been utilised for long term purposes by the Company. Accordingly, reporting under clause 3(ix)(d) of the Order is not applicable to the Company.

(e) According to information and explanations given to us, the Company did not have any subsidiary or joint venture during the year. Further, the Company has not taken any funds to meet the obligations of its associate Company. Accordingly, reporting under clause 3(ix)(e) of the Order is not applicable to the Company.

(f) According to information and explanations given to us, the Company did not have any subsidiary or joint venture during the year. Further, the Company has not raised any loans on the pledge of securities held in its associate Company. Accordingly, reporting under clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) According to the information and explanations given to us, the Company has not raised moneys by way of public offer (including debt instruments) during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) According to information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud by the Company or on the Company has been noticed or reported during the year.

(b) According to information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules 2014 with the Central Government, during the year and up to the date of this report.

(c) The Company is having whistle blower mechanism and as per the information provided to us, no whistle blower complaints received by the Company during the year (and upto the date of this report), while determining the nature, timing and extent of our audit procedures.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us, in our opinion, transactions with related parties are in compliance with Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) (a) According to the information and explanations given to us, in our opinion and based on our examination, the Company has an adequate internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports for the year under audit and covering the period upto March 31, 2022.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year. Accordingly, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) In respect of the Reserve Bank of India Act, 1934:

(a) In our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable to the Company.

(b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly, reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) According to the information and explanations given to us, the Company has not incurred any cash losses during the Financial Year covered by our audit and in the immediately preceding Financial Year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, Clause 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent amounts towards Corporate Social Responsibility (CSR) requiring a transfer to a Fund specified in Schedule VII to the Companies Act or Special Account in compliance with provision of sub-section (6) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year to the Company.

**For Suresh Surana & Associates LLP**
Chartered Accountants
Firm's Reg. No. 121750W/W-100010

**Ramesh Gupta**
Partner
Membership No.: 102306
UDIN: 22102306AIQTVQ5045

Place of Signature: Mumbai
Date: May 9, 2022

## Annexure '2' to the Independent Auditor's Report

## (Referred to in paragraph 2(f) under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

We have audited the internal financial controls over financial reporting of Gujarat Narmada Valley Fertilizers & Chemicals Limited (the "Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Companies Act, 2013, as amended, to the extent applicable to an audit of internal financial controls and issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

### Meaning of Internal Financial Controls Over Financial Reporting

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

### Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Financial Statements

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

### Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2022, 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 Suresh Surana & Associates LLP**
Chartered Accountants
Firm's Reg. No. 121750W/W-100010

**Ramesh Gupta**
Partner
Membership No.: 102306
UDIN: 22102306AIQTVQ5045

Place of Signature: Mumbai
Date: May 9, 2022

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## STANDALONE BALANCE SHEET AS AT MARCH 31, 2022

(₹ Crores)

| Particulars | Notes | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **I. Non-current assets** | | | |
| (a) Property, plant and equipment | 4 | **3,539.37** | 3,679.72 |
| (b) Capital work-in-progress | 5 | **137.72** | 160.90 |
| (c) Investment property | 6 | **17.28** | 17.70 |
| (d) Right of use asset | 39 | **1.63** | 1.83 |
| (e) Intangible assets | 7 | **19.96** | 21.10 |
| (f) Financial assets | | | |
| (i) Investments | 8 | **1,156.95** | 781.14 |
| (ii) Loans and advances | 9 | **660.93** | 107.85 |
| (iii) Other financial assets | 10 | **114.12** | 14.85 |
| (g) Income tax assets (net) | 26 | **9.77** | 9.77 |
| (h) Other non-current assets | 12 | **91.10** | 73.28 |
| | | **5,748.83** | 4,868.14 |
| **II. Current assets** | | | |
| (a) Inventories | 13 | **976.97** | 813.34 |
| (b) Financial assets | | | |
| (i) Investments | 8 | **64.81** | 72.23 |
| (ii) Trade receivables | 11 | **625.10** | 509.55 |
| (iii) Cash and cash equivalents | 14 | **72.71** | 137.17 |
| (iv) Other bank balances | 15 | **1,109.23** | 1,313.56 |
| (v) Loans and advances | 9 | **1,867.15** | 418.19 |
| (vi) Other financial assets | 10 | **51.51** | 58.34 |
| (c) Other current assets | 16 | **110.31** | 109.76 |
| | | **4,877.79** | 3,432.14 |
| **Total Assets** | | **10,626.62** | 8,300.28 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity share capital | 17 | **155.42** | 155.42 |
| (b) Other equity | 18 | **7,743.42** | 5,828.25 |
| | | **7,898.84** | 5,983.67 |
| **Liabilities** | | | |
| **I. Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Lease liabilities | 39 | **0.97** | 1.05 |
| (ii) Other financial liabilities | 20 | **5.12** | 5.12 |
| (b) Provisions | 22 | **310.24** | 260.23 |
| (c) Deferred tax liabilities (net) | 26 | **422.25** | 390.91 |
| (d) Government grants (deferred income) | 23 | **637.79** | 698.51 |
| | | **1,376.37** | 1,355.82 |
| **II. Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 19 | **0.07** | 2.16 |
| (ii) Lease liabilities | 39 | **0.73** | 0.85 |
| (iii) Trade payables: | 20 | | |
| (A) Total outstanding dues of micro and small enterprises | | **28.14** | 23.22 |
| (B) Total outstanding dues of creditors other than micro and small enterprises | | **603.06** | 376.23 |
| (iv) Other financial liabilities | 21 | **416.83** | 307.11 |
| (b) Other current liabilities | 24 | **161.56** | 108.56 |
| (c) Provisions | 25 | **38.03** | 34.92 |
| (d) Government grants (deferred income) | 23 | **66.89** | 66.58 |
| (e) Current tax liabilities (net) | 26 | **36.10** | 41.16 |
| | | **1,351.41** | 960.79 |
| **Total Equity and Liabilities** | | **10,626.62** | 8,300.28 |

**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 Pankaj Kumar, IAS** |
|---|---|---|---|
| Executive Director & CFO | Company Secretary | Managing Director | Chairman |
| | | (DIN - 01532892) | (DIN - 00267528) |

Place : Gandhinagar
Date : May 09, 2022

AS PER OUR REPORT OF EVEN DATE
For **Suresh Surana & Associates LLP**
Chartered Accountants
(Firm Registration No.: 121750W/W-100010)

**Ramesh Gupta**
Partner
Membership No. 102306

Place : Mumbai
Date : May 09, 2022

## STATEMENT OF STANDALONE PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

(₹ Crores)

| Particulars | Notes | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 27 | **8,642.29** | 5,128.69 |
| Other income | 28 | **209.42** | 237.23 |
| **Total** | | **8,851.71** | 5,365.92 |
| **Expenses** | | | |
| Cost of raw materials consumed | 29 | **3,899.09** | 2,224.83 |
| Purchase of traded goods | | **38.80** | 13.57 |
| Purchase of goods and services - IT division | | **26.47** | 21.19 |
| Decrease/(Increase) in inventories of finished goods, work-in-progress and traded goods | 30 | **18.83** | 68.53 |
| Power, fuel and other utilities | | **1,116.59** | 767.78 |
| Employee benefits expense | 31 | **467.93** | 451.47 |
| Finance costs | 32 | **3.46** | 19.95 |
| Depreciation and amortisation | 33 | **291.69** | 272.30 |
| Other expenses | 34 | **690.80** | 577.99 |
| **Total** | | **6,553.66** | 4,417.61 |
| **Profit before tax** | | **2,298.05** | 948.31 |
| **Tax expense / (credit)** | | | |
| Current tax | | **615.66** | 277.96 |
| Tax adjustment for earlier years short / (excess) | | **2.14** | - |
| Excess tax provision write back of earlier years | | **-** | (0.09) |
| Deferred tax (credit) | | **(23.50)** | (18.77) |
| **Total tax expense / (credit)** | 26 | **594.30** | 259.10 |
| **Profit for the year** | **(A)** | **1,703.75** | 689.21 |
| **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 | | **19.76** | 16.92 |
| Income tax effect (charge) / credit | 26 | **(4.97)** | (5.91) |
| Net gain / (loss) on FVTOCI equity investments | | **375.81** | 185.20 |
| Income tax effect (charge) / credit | 26 | **(54.84)** | (46.54) |
| **Net other comprehensive income / (expense) not to be reclassified to profit or loss in subsequent periods** | | **335.76** | 149.67 |
| **Total other comprehensive income / (expense) for the year, net of tax** | **(B)** | **335.76** | 149.67 |
| **Total comprehensive income for the year, net of tax** | **(A)+(B)** | **2,039.51** | 838.88 |
| **Earnings per Share - (Face value of ₹ 10 each) Basic and Diluted (in ₹)** | 35 | **109.62** | 44.35 |

**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**
Executive Director & CFO

**A. C. Shah**
Company Secretary

**Shri Pankaj Joshi, IAS**
Managing Director
(DIN - 01532892)

**Shri Pankaj Kumar, IAS**
Chairman
(DIN - 00267528)

Place : Gandhinagar
Date : May 09, 2022

AS PER OUR REPORT OF EVEN DATE
For **Suresh Surana & Associates LLP**
Chartered Accountants
(Firm Registration No.: 121750W/W-100010)

**Ramesh Gupta**
Partner
Membership No. 102306

Place : Mumbai
Date : May 09, 2022

## STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

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

| Particulars | Note | Amount |
|---|---|---|
| **Balance as at April 01, 2020** | | **155.42** |
| Changes in Equity Share Capital due to prior period errors | 17 | - |
| **Restated balance at the April 01, 2020** | | **155.42** |
| Changes in equity share capital during the year | 17 | - |
| **Balance as at March 31, 2021** | | **155.42** |
| Changes in Equity Share Capital due to prior period errors | 17 | - |
| **Restated balance at the March 31, 2021** | | **155.42** |
| Changes in equity share capital during the year | 17 | - |
| **Balance as at March 31, 2022** | | **155.42** |

**(B) Other equity** (₹ Crores)

| Particulars | Reserve and surplus | | | | Equity instruments at fair value through other comprehensive income | Total |
|---|---|---|---|---|---|---|
| | Capital reserve | Securities premium | General reserve | Retained earnings | | |
| | Note 18.1 | Note 18.1 | Note 18.1 | Note 18.1 | Note 18.2 | |
| **Balance as at April 01, 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 |
| loss transferred from Other Comprehensive Income (refer sub note (a) to Note 18.2) | - | - | - | (61.26) | 61.26 | - |
| Dividends (refer Note 18.3) | - | - | - | (77.71) | - | (77.71) |
| **Balance as at March 31, 2021** | **0.64** | **313.31** | **2,479.76** | **2,481.19** | **553.35** | **5,828.25** |
| Profit for the year | - | - | - | 1,703.75 | - | 1,703.75 |
| Other comprehensive income for the year | - | - | - | 14.79 | 320.97 | 335.76 |
| Total comprehensive income for the year | - | - | - | 1,718.54 | 320.97 | 2,039.51 |
| Dividends (refer Note 18.3) | - | - | - | (124.34) | - | (124.34) |
| **Balance as at March 31, 2022** | **0.64** | **313.31** | **2,479.76** | **4,075.39** | **874.32** | **7,743.42** |

**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**
Executive Director & CFO

**A. C. Shah**
Company Secretary

**Shri Pankaj Joshi, IAS**
Managing Director
(DIN - 01532892)

**Shri Pankaj Kumar, IAS**
Chairman
(DIN - 00267528)

Place : Gandhinagar
Date : May 09, 2022

AS PER OUR REPORT OF EVEN DATE
For **Suresh Surana & Associates LLP**
Chartered Accountants
(Firm Registration No.: 121750W/W-100010)

**Ramesh Gupta**
Partner
Membership No. 102306

Place : Mumbai
Date : May 09, 2022

## STATEMENT OF STANDALONE CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2022

(₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Cash flow from operating activities** | | |
| **Profit before tax as per statement of profit and loss** | **2,298.05** | 948.31 |
| **Adjustments for:** | | |
| Loss on sale / discard / write off of property, plant and equipment (net) | **0.94** | 1.50 |
| (Gain) on Lease modification/ termination | **-** | (0.02) |
| (Gain) on sale of investments (net) | **(0.12)** | (43.88) |
| Depreciation and amortization | **291.69** | 272.30 |
| Interest expense on employee loan fair valuation | **1.78** | 6.61 |
| Interest income | **(119.17)** | (85.94) |
| Dividend income | **(4.85)** | (11.80) |
| Amortization of grant income | **(61.27)** | (62.65) |
| Fair valuation (gain) / loss on investments measured at FVTPL (net) | **(0.54)** | 0.92 |
| Unclaimed liabilities / excess provision for doubtful debt written back | **(6.00)** | (6.04) |
| Unrealised foreign exchange fluctuation loss | **0.91** | 3.96 |
| Finance costs | **1.66** | 18.43 |
| Premium on forward contracts | **5.61** | 4.45 |
| Provision / Write off for excess Inventory | **13.12** | 8.30 |
| Provision for contingencies | **55.70** | - |
| Advances / Bad debts written off | **0.32** | 0.72 |
| Provision for doubtful debts / advances (net) | **7.20** | 17.88 |
| **Operating profit before working capital changes** | **2,485.03** | 1,073.05 |
| **Movements in working capital :** | | |
| (Increase) / decrease in trade receivables, including Subsidy | **(117.75)** | 885.72 |
| (Increase) / decrease in inventories | **(176.74)** | 92.19 |
| Decrease / (increase) in financial assets | **3.06** | (0.65) |
| (Increase) / decrease in loans and advances and other assets | **(8.23)** | 31.06 |
| Increase in provision | **17.19** | 8.04 |
| Increase / (decrease) in trade payables and other liabilities | **283.11** | (2.85) |
| Increase in financial liabilities | **108.83** | 15.53 |
| **Cash generated from operations** | **2,594.50** | 2,102.09 |
| Income taxes paid (net) | **(627.84)** | (217.69) |
| **Net cash flow generated from operating activities (A)** | **1,966.66** | 1,884.40 |
| **Cash flows from investing activities** | | |
| Payment for purchase of property, plant & equipment (Including capital work In progress and capital advances) | **(137.77)** | (216.21) |
| Proceeds from sale / concession received of property, plant and equipment | **0.46** | 0.92 |
| Proceeds from sale / maturity of investments / other advances | **29.12** | 696.45 |
| (Increase) in deposits with corporates (net) | **(2,000.00)** | (235.00) |
| Decrease / (increase) in deposits / balances with banks (net) | **104.33** | (1,190.30) |
| Interest received | **95.83** | 80.95 |
| Dividend received | **9.27** | 7.38 |
| **Net cash flow (used in) investing activities (B)** | **(1,898.76)** | (855.81) |

## STATEMENT OF STANDALONE CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2022

(₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Cash flows from financing activities** | | |
| Proceeds from short term borrowings | **0.33** | 664.50 |
| Repayment of short term borrowings | **(0.33)** | (1,497.48) |
| Interest paid | **(1.63)** | (18.66) |
| Dividend paid | **(123.03)** | (77.57) |
| Premium on forward contracts | **(5.61)** | (4.45) |
| **Net cash flow (used in) financing activities (C)** | **(130.27)** | (933.66) |
| **Net (decrease) / increase in cash and cash equivalents (A + B + C)** | **(62.37)** | 94.93 |
| Cash and cash equivalents at the beginning of the year | **135.01** | 40.08 |
| **Cash and cash equivalents at the end of the year** | **72.64** | 135.01 |
| **Notes:** | | |
| Component of Cash and Cash equivalents | | |
| - Cash on hand | **0.07** | 0.07 |
| - Debit balance in cash credit and overdraft accounts | **11.80** | 9.47 |
| - Balances with bank in current accounts | **12.86** | 4.44 |
| - Deposit with original maturity of Less than three months | **47.98** | 123.19 |
| **Total (refer Note 14)** | **72.71** | 137.17 |
| Less: Cash credit and overdraft accounts (refer Note 19) | **0.07** | 2.16 |
| **Total cash and cash equivalents** | **72.64** | 135.01 |

**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-21(a).

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

**D. V. Parikh**
Executive Director & CFO

**A. C. Shah**
Company Secretary

**Shri Pankaj Joshi, IAS**
Managing Director
(DIN - 01532892)

**Shri Pankaj Kumar, IAS**
Chairman
(DIN - 00267528)

Place : Gandhinagar
Date : May 09, 2022

AS PER OUR REPORT OF EVEN DATE
For **Suresh Surana & Associates LLP**
Chartered Accountants
(Firm Registration No.: 121750W/W-100010)

**Ramesh Gupta**
Partner
Membership No. 102306

Place : Mumbai
Date : May 09, 2022

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### 1 Corporate information

The financial statements comprise financial statements of Gujarat Narmada Valley Fertilizers & Chemicals Limited ('the Company') for the year ended March 31, 2022. 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 09, 2022.

### 2 Significant accounting policies

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time.

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

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

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

### 2.2 Summary of significant accounting policies

#### a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle; or
- Held primarily for the purpose of trading; or
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle; or
- It is held primarily for the purpose of trading; or
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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

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.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**b) Foreign currency transactions**

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

**c) Transactions and balances**

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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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

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

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

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

- Disclosures for valuation methods, significant estimates and assumptions (refer Note 50)
- Quantitative disclosures of fair value measurement hierarchy (refer Note 50.2)
- Investment in unquoted equity shares (refer Note 8)
- Investment properties (refer Note 6)
- Financial instruments (including those carried at amortized cost) (refer Note 50.1)

**e) Revenue from contracts with customers**

Revenue from contracts with customers is recognised when the control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company derives its revenues from sale of goods such as fertilizers, industrial chemicals, government subsidies on sale of fertilizers and information technology related hardware / software services. The Company is generally the principal in its revenue arrangements because it controls goods or services before transferring them to the customer, except for the agency services where revenue is recognised on net basis.

The disclosure of significant accounting judgements, estimates and assumptions relating to revenue from contract with customers are provided in Note 3.

**Sale of goods**

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods except in certain cases where goods are sold under bill and hold arrangement.

The Company considers whether there are other promises in the contract (supply of information technology goods) that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. installation, 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.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Installation, as applicable, is integral part of delivery of goods. The Company typically provides warranties for general repairs of defect that existed at the time of sale, as required by law. These assurance type warranties are accounted for under Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets unless it is fully realisable from the supplier.

**Bill-and-hold arrangement**

A bill-and-hold arrangement is a contract under which an entity bills a customer for a product but the entity retains physical possession of the product until it is transferred to the customer at a point in time in the future. The Company does not control the product. Instead, it provides custodial services to the customer over the customer's asset.

The Company recognizes the revenue under Bill-and-Hold arrangements only when it satisfies all of the below criteria along with the other criteria as specified under Ind AS 115 – revenue from contract with customers:

- There is a substantive reason for the Bill-and-hold arrangement.
- The product is identified separately as belonging to the customer;
- The product currently is ready for physical transfer to the customer; and
- The Company do not have the ability to use the product or to direct it to another customer.

**Urea product subsidy**

Urea Subsidy under the New Urea Policy - 2015 is recognised as per concession rates notified by the Government of India (GoI) at the point in time when the quantity is transferred / delivered to customers. Urea Subsidy is further adjusted for input price escalation/ de-escalation as estimated by the Management based on the prescribed norms. The Company recognises the subsidy based on quantity sold.

**ANP product subsidy**

ANP Subsidy under Nutrient Based Subsidy (NBS) w.e.f. 01.04.2010 and amendments thereto is recognised as per the concession rates notified by the Government of India (GoI) at the point in time when the quantity is transferred / delivered to customers. The Company recognises the subsidy based on quantity sold.

**Urea and ANP freight subsidy**

Freight Subsidy is recognized for the quantity transferred / delivered to customers based on the notified rates approved by the GoI in case of Urea and on the normative notified rates approved by the GoI or the actual freight whichever is lower in case of ANP.

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

Income from services rendered by the Information Technology division (including operation and maintenance) is recognized as and when the services are transferred to the customer at an amount that reflect the consideration to which the Company expects to be entitled in exchange for those services.

**Interest income**

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

**Dividends**

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend except for interim dividend which is recognised based on approval of the Board of Directors of investee company.

**Insurance claims**

Claims receivable on account of insurance are accounted for to the extent no significant uncertainty exist for the measurement and realisation of the amount.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Government grants and export incentives**

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

**Export incentive**

Export incentives under various schemes notified by government are accounted for in the year of exports based on the eligibility, reasonable accuracy and conditions precedent to claim are fulfilled.

**f) Contract balances**

**Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

**Trade receivables (including subsidy receivables)**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section Q "Financial instruments – initial recognition and subsequent measurement".

**Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

**g) Taxes**

Tax expense comprises of current income tax and deferred tax.

**Current income tax**

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

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

The Company has decided to exercise the option permitted under section 115BAA of the Income Tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019 from the Financial Year 2021-2022 under which domestic companies have the option to pay income tax at lower rate ("New tax rate") subject to the giving up of certain incentives and deductions. Accordingly, the provision for current tax for the Financial Year ended on March 31, 2022 is measured at the New tax rate.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Deferred tax**

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Deferred tax assets and liabilities are offset if and only if there is a legally enforceable right to offset corresponding current tax assets against current tax liabilities and when the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company. Current tax assets and current tax liabilities are offset where the entity has a legally enforceable right to offset the recognized amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**h) Property, plant and equipment (PPE)**

**Measurement at recognition**

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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 and 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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

### i) Investment Properties

Investment properties are measured initially at original cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

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

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

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

### j) Intangible assets

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

Intangible assets with 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:

| 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 | | Over its useful life of 20 years |

### k) Borrowing costs

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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### l) Leases

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

For arrangements entered into prior to April 01, 2017, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

**Company as a lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**(i) Right-of-use Assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

| Sr No | Category | Life |
|---|---|---|
| 1 | Land | 8 to 30 years |
| 2 | Building (includes Godown / warehouses & office premises) | 3 to 5 years |
| 3 | Vehicle | 3 years |

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (n) Impairment of non-financial assets.

**(ii) Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**(iii) Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of building, machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**Company as a lessor**

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

**m) Inventories**

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

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

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

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

All other inventories of stores and consumables (including coal) are valued at Moving Weighted Average Cost basis.

Stores and Spares includes equipment spare parts, catalyst and others which are held as inventory by the Company.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**n) Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budget / forecast the Company extrapolates cash flow projection in the budget working a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case this growth rate does not exceed the long term average growth rate for the products, industry or the market in which the asset is used.

Impairment losses including impairment on inventories, are recognized in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss as an exceptional item.

Under Ind AS 116 para 33 right-of-use assets are subject to the impairment requirements of Ind AS 36 - Impairment of assets.

**o) Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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 fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability. Till the Financial Year 2019-20 end the Company had separate recognized Provident Fund trusts for all the employees of the Company. The Company had an obligation to make good the shortfall, if any, between the return from the investments of the trusts and the interest rate notified by Government.

The employee's gratuity fund scheme and post-retirement medical benefit schemes are Company's defined benefit plans. The contributions under the plans are made to separately administered funds. The cost of providing benefits under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on the net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

- 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 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)

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**(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 50 for further details).

This category is most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss except where the Company has given temporary waiver of interest not exceeding 12 months period.

**(ii) Financial assets designated at fair value through OCI (equity instruments)**

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment / de-recognition of investment on restructuring by investee. However, the Company may transfer the cumulative gain or loss into retained earnings within equity. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

**(iii) Financial assets at fair value through profit or loss (FVTPL)**

Financial assets at fair value through profit or loss include financial assets held for trading, debt securities and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has designated Loans to employees, investments in Government Securities, Debentures and State Development Loans and other advances. (Refer note 50 for further details).

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On Derecognition of a financial asset, (except as mentioned in (ii) above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

**Impairment of financial assets**

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure ;

a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits and bank balances.

b) Financial assets that are equity instruments and are measured at fair value through other comprehensive income (FVTOCI)

c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables.

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Lifetime ECL are the expected credit losses resulting from all possible default over the expected life of a financial instrument.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ECL is the difference between all contracted cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original EIR. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income / (expense) in the statement of profit and loss (P&L). This amount is reflected under the head "Other Expense / Other Income" in the P&L.

The balance sheet presentation for various financial instruments is described below:

**Financial assets measured as at amortized cost, contractual revenue receivables and lease receivables:**

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

**Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

**Subsequent measurement**

For the purpose of subsequent measurement, financial liabilities are classified into two categories:

(i) Financial liabilities measured at fair value through profit or loss

(ii) Financial liabilities measured at amortised cost (loans and borrowings)

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains / losses attributable to changes in own credit risk are recognized in OCI. These gains / losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as at FVTPL.

**Financial liabilities measured at amortised cost (loans and borrowings)**

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

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

This category generally applies to borrowings.

**Derecognition**

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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**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.

**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.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### 2.3 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below. Applicable from April 1, 2022.

**Ind AS 16–Property Plant and equipment**

Costs of testing whether the asset is functioning properly or not, after deducting the net proceeds from selling any items produced while bringing the asset to that location and condition (such as samples produced when testing equipment). Excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 37–Provisions, Contingent Liabilities and Contingent Assets**

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract). The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 109–Annual Improvements to Ind AS (2021)**

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

### 3 Significant accounting judgement, estimates and assumptions

The preparation of the Company's Ind AS Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Judgements**

In the process of applying the Companies accounting policies, management has made the following judgements which have the most significant effects on the amounts recognised in the financial statements.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next Financial Year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**Taxes**

Deferred tax assets are recognized for unused tax credits to the extent that it is probable that taxable profit will be available against which the credits can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details on taxes are disclosed in Note 26.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Defined benefit plans (gratuity benefits and other post-employment medical benefits)**

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of these obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, medical cost escalations and mortality rates etc. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates and Company's obligation under Long Term Wage Settlement which is evaluated in block of four years. Medical cost escalations are based on expected future medical expenditure.

Further details about gratuity and post-employment medical benefits obligations are given in Note 41.

**Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer Note 50 for further disclosures.

**Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the future years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance being tested. The cash flow projections, beyond period covered by the most recent budget / forecast, the Company extrapolates cash flow projections taking base of budget working using a steady or declining growth rate for subsequent years unless an increasing trend can be justified. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes

**Leases - Estimating the incremental borrowing rate**

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

## 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 compund wall | Water supply and drainage system | Railway sidings | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | | | | |
| **As at April 01, 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** |
| Additions | - | - | - | 8.08 | 135.80 | 0.69 | 0.77 | 0.88 | 1.17 | - | - | 147.39 |
| Disposals | - | - | - | - | (15.32) | (0.51) | (0.30) | (1.05) | - | - | - | (17.18) |
| Reclassification | - | - | - | (0.73) | 3.31 | (2.58) | - | - | - | - | - | - |
| **As at March 31, 2022** | **111.03** | **240.54** | **9.62** | **449.08** | **6,956.16** | **32.53** | **7.10** | **11.67** | **72.70** | **128.31** | **3.77** | **8,022.51** |
| **Depreciation / Amortisation** | | | | | | | | | | | | |
| **As at April 01, 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** |
| Depreciation for the year | - | 2.52 | 0.34 | 12.54 | 256.26 | 2.05 | 0.68 | 0.56 | 5.31 | 6.09 | - | 286.35 |
| Reclassification | - | - | - | (0.01) | 2.17 | (2.16) | - | - | - | - | - | - |
| Disposals | - | - | - | - | (14.22) | (0.45) | (0.13) | (0.99) | - | - | - | (15.79) |
| **As at March 31, 2022** | **-** | **23.39** | **0.46** | **143.51** | **4,141.70** | **24.27** | **4.37** | **9.60** | **49.92** | **82.34** | **3.58** | **4,483.14** |
| **Net Block** | | | | | | | | | | | | |
| **As at March 31, 2022** | **111.03** | **217.15** | **9.16** | **305.57** | **2,814.46** | **8.26** | **2.73** | **2.07** | **22.78** | **45.97** | **0.19** | **3,539.37** |
| 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 |

**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.** Assets given on lease included in plant and equipment :
- Cost as at March 31, 2022 is ₹ 9.39 crores (March 31, 2021 ₹ 9.39 crores)
- Depreciation as at March 31, 2022 is ₹ 8.92 crores (March 31, 2021 ₹ 8.92 crores)
- Net block as at March 31, 2022 is ₹ 0.47 crore (March 31, 2021 ₹ 0.47 crore)

**d.** Additions to property, plant & equipment during the year include ₹ Nil (previous year: ₹ Nil) used for research and development activities.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**e.** Disclosure with respect to the Title deeds of Immovable Property not held in the name of the Company is as below:

A) List of Immovable Properties as at 31.03.2022

| Relevant line item in the Balance Sheet | Description of item of property | Gross carrying value (₹ Crores) | Title deeds held in the name of | Whether title deed holder is a promoter *, director or relative** of promoter / director or employee of promoter / director | Property held since which date | Reason for not being held in the name of the company | Is there any Dispute |
|---|---|---|---|---|---|---|---|
| Land leasehold | Land leasehold | 43.05 | Gujarat Industrial Development Corporation, Bharuch | NO | 04.09.2012 | The lease deed for plots allotted are not executed in favour of GNFC because of the some of the portion of the lands are Gaucher and Government Land are falling in the plot allotted to the Company and lease will be executed after allotment of Gaucher and Government Land to GNFC. | NO |

*Promoter here means promoter as defined in Section 2(69) of the Companies Act, 2013

**Relative here means relative as defined in Section 2(77) of the Companies Act, 2013

B) List of Immovable Properties as at 31.03.2021

| Relevant line item in the Balance Sheet | Description of item of property | Gross carrying value (₹ Crores) | Title deeds held in the name of | Whether title deed holder is a promoter *, director or relative** of promoter / director or employee of promoter / director | Property held since which date | Reason for not being held in the name of the company | Is there any Dispute |
|---|---|---|---|---|---|---|---|
| Land leasehold | Land leasehold | 43.05 | Gujarat Industrial Development Corporation, Bharuch | NO | 04.09.2012 | The lease deed for plots allotted are not executed in favour of GNFC because of the some of the portion of the lands are Gaucher and Government Land are falling in the plot allotted to the Company and lease will be executed after allotment of Gaucher and Government Land to GNFC. | NO |

*Promoter here means promotor as defined in Section 2(69) of the Companies Act, 2013

**Relative here means relative as defined in Section 2(77) of the Companies Act, 2013

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### Note 5 : Capital Work in Progress

**5.1 : Capital work in progress is as under:**

- **Gross block** as at March 31, 2022 is ₹ **142.40** crores (March 31, 2021 ₹ 165.58 crores)
- **Impairment provision** as at March 31, 2022 is ₹ **4.68** crores (March 31, 2021 ₹ 4.68 crores)
- **Net block** as at March 31, 2022 is ₹ **137.72** crores (March 31, 2021 ₹ 160.90 crores)

It mainly includes cost incurred on plant and equipment procured at Formic Acid Plant (₹ 58.41 crores), CNA-IV Project (₹ 43.31 crores), TDI II Dahej Plant (₹ 9.20 crores), ANI-TDI Plant (₹ 7.31 crores), Urea Plant (₹ 2.87 crores) and Ammonia Plant (₹ 1.15 crores).

**5.2 : CWIP Ageing Schedule** **(₹ Crores)**

| Particulars | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1 to 2 year | 2 to 3 year | more than 3 years | Grand Total |
| **As on 31.03.2022** | | | | | |
| Projects in progress | 75.70 | 54.06 | 6.55 | 1.41 | 137.72 |
| **As at March 31, 2022** | **75.70** | **54.06** | **6.55** | **1.41** | **137.72** |
| **As on 31.03.2021** | | | | | |
| Projects in progress | 144.30 | 13.71 | 2.70 | 0.19 | 160.90 |
| **As at March 31, 2021** | **144.30** | **13.71** | **2.70** | **0.19** | **160.90** |

**Note :**

As on March 31, 2022 and March 31, 2021 one project related to Amine Water Effluent Treatment facility at Aniline-TDI complex is suspended. The project was commenced in 2017 and total expenditure incurred till March 31, 2022 is ₹ 4.67 crores (till March 31, 2021 is ₹ 4.67 crores). The Company has already created impairment provision of ₹ 4.67 crores against the same and hence the details of the same is not covered in above ageing table.

**5.3 : CWIP completion schedule for capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan.** **(₹ Crores)**

| Particulars | To be completed in | | | |
|---|---|---|---|---|
| | Less than 1 year | 1 to 2 year | 2 to 3 year | more than 3 years |
| **As on 31.03.2022** | | | | |
| **Projects and Schemes in Progress** | | | | |
| - CNA - IV Project | 63.39 | - | - | - |
| - Formic Acid Revamp Project | 27.60 | - | - | - |
| - Energy Conservation Turbine at ANI-TDI | 9.04 | - | - | - |
| - Additional Chlorine Bullet Facility - TDI-II Dahej | 3.74 | - | - | - |
| - New fire station building - TDI-II Dahej | 3.39 | - | - | - |
| - Secondary Combustion Chamber at ANI-TDI | 1.80 | - | - | - |
| - Fire water pump house upgradation | 1.57 | - | - | - |
| - Additional storage facility of Toluene - TDI-II Dahej | 1.23 | - | - | - |
| - New Metallic storage tank for acidic eff ETP Dahej | 0.90 | - | - | - |
| - Fire water Pumps & Storage at ANI-TDI | 0.73 | - | - | - |
| - Extension on control Room - TDI II Dahej | 0.65 | - | - | - |
| - Other Various Modification / Upgradation schemes | 4.21 | - | - | - |
| **Total as at March 31, 2022** | **118.25** | **-** | **-** | **-** |

None of the projects has exceeded it's cost compared to its original plan.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ Crores)

| Particulars | To be completed in | | | |
|---|---|---|---|---|
| | Less than 1 year | 1 to 2 year | 2 to 3 year | more than 3 years |
| **As on 31.03.2021** | | | | |
| **Projects and Schemes in Progress** | | | | |
| - Formic Acid Revamp Project | 48.70 | - | - | - |
| - Energy Conservation Turbine at ANI-TDI | 13.97 | - | - | - |
| - Installation of List - II unit - TDI-II Dahej | 9.44 | - | - | - |
| - Synthesis Gas compressor revamp - Ammonia | 5.72 | - | | |
| - Additional Chlorine Bullet Facility - TDI-II Dahej | 3.77 | - | - | - |
| - Fire water Pumps & Storage at ANI-TDI | 0.73 | - | - | - |
| - New QC Building - TDI II Dahej | 0.68 | - | - | - |
| - Other Various Modification / Upgradation schemes | 1.67 | - | - | - |
| **Total as at March 31, 2021** | **84.68** | **-** | **-** | **-** |

None of the projects has exceeded it's cost compared to its original plan.

### Note 6 : Investment property

(₹ Crores)

| Particulars | Building | Total |
|---|---|---|
| **Cost** | | |
| **As at April 01, 2020** | **25.93** | **25.93** |
| Additions (subsequent expenditure) | - | - |
| **As at March 31, 2021** | **25.93** | **25.93** |
| Additions (subsequent expenditure) | - | - |
| **As at March 31, 2022** | **25.93** | **25.93** |
| **Depreciation** | | |
| **As at April 01, 2020** | **7.80** | **7.80** |
| Depreciation for the year | 0.43 | 0.43 |
| **As at March 31, 2021** | **8.23** | **8.23** |
| Depreciation for the year | 0.42 | 0.42 |
| **As at March 31, 2022** | **8.65** | **8.65** |
| **Net Block** | | |
| **As at March 31, 2022** | **17.28** | **17.28** |
| As at March 31, 2021 | 17.70 | 17.70 |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Rental income derived from Investment properties | **5.65** | 8.00 |
| Direct operating expenses (including repairs and maintenance) generating rental income | **(2.01)** | (2.24) |
| Direct operating expenses (including repairs and maintenance) that did not generate rental income | **(2.21)** | (1.86) |
| **Profit arising from investment property before depreciation and indirect expenses** | **1.43** | 3.90 |
| Less : Depreciation | **(0.42)** | (0.43) |
| **Profit arising from investment property before indirect expenses** | **1.01** | 3.47 |

(i) As at March 31, 2022 and March 31, 2021 the fair values of the investment property is ₹ 85.20 crores and ₹ 85.20 crores respectively, based on valuations performed by an accredited independent valuer, who is a specialist in valuing such types of investment properties.

(ii) The Company has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

(iii) Fair value hierarchy disclosure for investment properties have been provided in Note 50.2.

**Note 7 : Intangible assets** (₹ Crores)

| Particulars | Computer software | Licenses | Total |
|---|---|---|---|
| **Cost** | | | |
| **As at April 01, 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** |
| Additions | 2.82 | - | 2.82 |
| Deletion | - | - | - |
| **As at March 31, 2022** | **27.87** | **34.29** | **62.16** |
| **Amortization** | | | |
| **As at April 01, 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** |
| Amortization for the year | 2.41 | 1.55 | 3.96 |
| Disposals | - | - | - |
| **As at March 31, 2022** | **22.82** | **19.38** | **42.20** |
| **Net Block** | | | |
| **As at March 31, 2022** | **5.05** | **14.91** | **19.96** |
| As at March 31, 2021 | 4.64 | 16.46 | 21.10 |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 8 : Investments** (₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Trade Investments** | | |
| **(i) Investment in a Subsidiary at cost (Unquoted)** | | |
| **Investment in equity instrument** | | |
| **(In fully paid up equity shares)** | | |
| NIL (previous year 10,000) Equity shares of Gujarat Ncode Solutions Limited of ₹ 10/- each | **-** | 0.01 |
| Less: Provision for diminution in Value of Investments | **-** | (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 at FVTOCI** | | |
| **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 | **121.54** | 60.98 |
| B) 17,59,996 (previous year 17,59,996) Equity Shares of Gujarat Alkalies & Chemicals Limited of ₹ 10/- each | **157.79** | 60.68 |
| C) 80,00,000 (previous year 80,00,000) Equity Shares of Gujarat State Petronet Limited of ₹ 10/- each | **207.24** | 218.68 |
| D) 2,66,445 (previous year 2,66,445) Equity Shares of Gujarat Gas Limited of ₹ 2/- each | **13.41** | 14.64 |
| | **499.98** | 354.98 |
| **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 | **24.09** | 21.27 |
| B) 42,000 (previous year 42,000) equity shares of Bharuch Enviro Infrastructure Limited of ₹ 10/- each | **13.19** | 5.44 |
| C) 20,000 (previous year 20,000) equity shares of Gujarat Venture Finance Limited of ₹ 10/- each | **0.55** | 0.38 |
| 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) | **607.07** | 386.13 |
| E) 2,42,10,000 (previous year 2,42,10,000) equity shares of Ecophos GNFC Private Limited of ₹ 10/- each @, # | **- *** | - * |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| F) 1,35,30,000 (previous year 1,35,30,000) equity shares of Bharuch Dahej Railway Company Limited of ₹ 10/- each | **10.82** | 11.69 |
| G) NIL (previous year 10) shares of GESIA IT Association of ₹ 10/- each | **-** | - * |
| | **655.72** | 424.91 |
| **Total Investments at FVTOCI** | **1,155.70** | 779.89 |
| **(ii) Investments at fair value through profit and loss (FVTPL)** | | |
| **Investments at FVTPL - Unquoted** | | |
| A) Investments in Government securities | **3.53** | 6.09 |
| B) Investments in Debentures $ | **52.34** | 56.98 |
| C) Investments in State Development Loans | **8.94** | 9.16 |
| **Total Investments at FVTPL** | **64.81** | 72.23 |
| **Non-current** | **1,156.95** | 781.14 |
| **Current** | **64.81** | 72.23 |
| **Total investments** | **1,221.76** | 853.37 |
| **Aggregate book value of quoted investments and market value thereof** | **499.98** | 354.98 |
| **Aggregate amount of unquoted investments** | **721.78** | 498.39 |

* 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 FY 2019-20, 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, 2022 and as at March 31, 2021 at the nominal consideration of ₹ 1.

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

$ During the previous year, the Company had acquired various securities from GNFC-EPFT which included 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 ₹ 9 only (i.e. ₹ 1 for each security) as against total face value of ₹ 47.00 crores.

(a) The fair value of the quoted equity investments are derived from quoted market prices in active market.

(b) Investments include investment in unquoted equity shares. Fair value of unquoted investment in equity instrument have been carried out by independent valuer using Net Assets Value model and comparable companies model following Market Approach and Asset Approach. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk, volatility, net assets and market multiples. The probabilities of various estimates within the range can be reasonably assessed and are used in management's estimates for fair value for these unquoted equity instruments.

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

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Opening Balance** | **779.89** | 594.69 |
| Add : Fair value gain / (loss) recognised in Other Comprehensive Income | **375.81** | 185.20 |
| **Closing Balance** | **1,155.70** | 779.89 |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 9 : Loans and advances** (₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Current** | | |
| **Loans** | | |
| **Considered good** | | |
| Deposits with a body corporate (unsecured) | **1,850.00** | 400.00 |
| Loans to employees * # @ | **17.15** | 18.19 |
| **Total** | **1,867.15** | 418.19 |
| **Non-Current** | | |
| **Loans** | | |
| **Considered good** | | |
| Deposits with a body corporate (unsecured) | **550.00** | - |
| Loans to employees * # @ | **110.93** | 107.85 |
| **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** | **660.93** | 107.85 |
| **Total loans and advances** | **2,528.08** | 526.04 |

* includes gross interest accrued ₹ 4.43 crores (previous year ₹ 4.21 crores) on current loans to employees and of ₹ 31.86 crores (previous year ₹ 32.09 crores) on non-current loans to employees.

\# No loans are due from Promoters, Directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are repayable on demand or without specifying any terms or period of repayment.

@ It includes secured Loans to employees having fair value of ₹ 12.44 crores (previous year ₹ 12.99 crores) in current and ₹ 98.61 crores (previous year ₹ 96.89 crores) in non-current amount. Employees have mortgaged/ hypothecated their Buildings and Vehicles to the Company.

**Note 10 : Other financial assets** (₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Current** | | |
| **Other financial assets** | | |
| Advances to GNFC Employee Provident Fund Trust (GNFC-EPFT) * | **-** | 21.04 |
| Dividend receivable | **-** | 4.42 |
| Accrued interest | **44.39** | 23.43 |
| Other receivables | **0.01** | 0.01 |
| Deposits with suppliers | **7.11** | 7.11 |
| Export Benefit Receivable | **-** | 2.33 |
| **Total** | **51.51** | 58.34 |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Non-Current** | | |
| **Other financial assets** | | |
| Deposits with suppliers | **14.12** | 14.85 |
| Bank deposits with more than 12 months maturity | **100.00** | - |
| **Total** | **114.12** | 14.85 |
| **Total other financial assets** | **165.63** | 73.19 |

* The Company had outstanding receivables of ₹ 21.04 crores from Employees' Provident Fund Trust of the Company (GNFC-EPFT), which was given as advance to GNFC-EPFT during the surrender procedure of GNFC-EPFT to EPFO. During the year, such balance of ₹ 21.04 crores received by the Company after receiving final order of approval for cancellation of exemption of GNFC-EPFT from EPFO.

### Note 11 : Trade receivables

(₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Trade receivables** | | |
| - Secured, Considered good | **18.61** | 22.58 |
| - Unsecured, Considered good | **126.67** | 209.03 |
| - Unsecured, Credit impaired | **18.63** | 27.28 |
| **Subsidy receivables** | | |
| - Unsecured, Considered good | **479.82** | 277.94 |
| - Unsecured, Credit impaired | **0.95** | - |
| | **644.68** | 536.83 |
| Less : Impairment Allowances (Allowance for doubtful debts) | | |
| **Trade receivables - Credit impaired** | **(18.63)** | (27.28) |
| **Subsidy Receivables (Credit impaired)** | **(0.95)** | - |
| **Total** | **625.10** | 509.55 |

**Note:**

Refer Note 44 for Ageing of Trade receivables as on March 31, 2022 and March 31, 2021.

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 ₹ 61.68 crores (previous year ₹ 75.97 crores) are governed by the terms of respective contract agreement. Out of the dues, the Company has provided impairment allowance of ₹ 18.30 crores as on March 31, 2022 (as on March 31, 2021: ₹ 26.92 crores) based on credit risk model followed by the Company.

Subsidy receivables represents amount receivable from government against sale of fertilizers.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 12: Other non-current assets** (₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured, considered good** | | |
| Unamortized value of employee loan benefits | **40.20** | 31.98 |
| Capital advances | **47.58** | 36.54 |
| Deposits / Recoverable balances from customs, VAT and others | **1.01** | 1.39 |
| Prepaid Expense | **2.31** | 3.37 |
| **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. | **4.55** | 5.15 |
| Less: Provision for doubtful balances | **(4.55)** | (5.15) |
| | **-** | - |
| Receivable from others | **4.14** | 4.14 |
| Less: Provision for doubtful balances | **(4.14)** | (4.14) |
| | **-** | - |
| **Total** | **91.10** | 73.28 |

**Note 13 : Inventories (Valued at lower of Cost and Net realisable value)** (₹ Crores)

| Particulars | | As at March 31, 2022 | | As at March 31, 2021 |
|---|---|---|---|---|
| Raw materials | | **362.44** | | 186.69 |
| (Includes in transit inventory as on March 31, 2022 ₹ 88.44 crores; as on March 31, 2021 - ₹ 43.04 crores) | | | | |
| Work-in-progress * | | **38.58** | | 36.79 |
| Finished goods * | | **80.04** | | 113.26 |
| Traded goods | | **14.82** | | 2.22 |
| Stores and spares (Including coal) | **502.15** | | 483.32 | |
| (Includes in transit inventory as on March 31, 2022 ₹ 1.94 crores; as on March 31, 2021 ₹ 1.90 crores) | | | | |
| Less: Provision for excess inventory | **(21.06)** | **481.09** | (8.94) | 474.38 |
| **Total** | | **976.97** | | 813.34 |

* During the current year, the Company has adjusted inventories of finished goods and Work-in-progress by ₹ 9.39 crores (Previous year ₹ 1.20 crores) so as to value such inventories at net realizable value.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 14 : Cash and cash equivalents** (₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Balances with banks in: | | |
| Current accounts | **12.86** | 4.44 |
| Debit balance in cash credit and overdraft accounts | **11.80** | 9.47 |
| Cash on hand | **0.07** | 0.07 |
| Deposits with original maturities less than 3 months | **47.98** | 123.19 |
| **Total** | **72.71** | 137.17 |

**Note 15 : Other bank balances** (₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Balances with banks | | |
| Unpaid dividend accounts | **12.02** | 10.71 |
| Bank balances in escrow accounts * | **165.62** | 37.46 |
| Deposit with original maturity more than 3 months but remaining maturities of less than 12 months # | **931.59** | 1,265.39 |
| **Total** | **1,109.23** | 1,313.56 |

* Balance in escrow account represents amount received as Earnest Money Deposit & Tender fees against e-auction done on behalf of various local authorities of Government of Gujarat. Corresponding liability is disclosed in Note 21 as "Other current financial liabilities".

# Includes ₹ 202.59 crores (₹ 302.67 crores previous year) pledged with lenders and Government authorities.

**Note 16 : Other current assets** (₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Deposits / Recoverable balances from customs, VAT and others | **0.22** | 3.27 |
| Advance to suppliers | **62.69** | 48.69 |
| Goods and Service Tax Receivable | **12.50** | 14.48 |
| Contract assets * | **8.53** | 16.71 |
| Receivable from others | **0.14** | 0.63 |
| Gratuity Fund (Refer Note 41) | **2.92** | - |
| Prepaid expenses | **17.30** | 20.77 |
| Unamortized employee loan benefits | **6.01** | 5.21 |
| Energy savings certificates ** | **-** | - |
| **Total** | **110.31** | 109.76 |

* Classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

** Amount nullified on conversion to ₹ crores.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 17 : Share capital** (₹ Crores)

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | 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 |

### 17.1. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | 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 |
| Changes in Equity Share Capital due to prior period errors | **-** | **-** | - | - |
| **Restated balance 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 |

### 17.2. Terms/rights attached to the equity shares

**Rights, preferences and restrictions attached to equity shares:**

The Company has only one class of equity shares having par value of ₹ 10/- per share, i.e. equity shares which rank pari passu in all respects. Each holder of equity share is entitled to one vote per share.

For the current Financial Year 2021-22, the Company has proposed dividend of ₹ 10/- per equity share to equity shareholder (for the previous Financial Year dividend of ₹ 8/- per share declared). The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### 17.3. Number of Shares held by each shareholder holding more than 5% Shares in the Company

| Name of the shareholders | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | 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 | **64,40,807** | **4.14%** | 92,37,124 | 5.94% |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### 17.4. Disclosure of Shareholding of Promoters

Disclosure of shareholding of promoters as at March 31, 2022 is as follows :

| Name of the Promoter | As at March 31, 2022 | | As at March 31, 2021 | | Change during the year |
|---|---|---|---|---|---|
| | No. of shares | % of shareholding | No. of shares | % of shareholding | |
| Gujarat State Investments Ltd. | **3,32,27,546** | **21.38%** | 3,32,27,546 | 21.38% | 0.00% |
| Gujarat State Fertilizers & Chemicals Ltd. | **3,07,79,167** | **19.80%** | 3,07,79,167 | 19.80% | 0.00% |

Disclosure of shareholding of promoters as at March 31, 2021 is as follows :

| Name of the Promoter | As at March 31, 2021 | | As at March 31, 2020 | | Change during the year |
|---|---|---|---|---|---|
| | No. of shares | % of shareholding | No. of shares | % of shareholding | |
| Gujarat State Investments Ltd. | **3,32,27,546** | **21.38%** | 3,32,27,546 | 21.38% | 0.00% |
| Gujarat State Fertilizers & Chemicals Ltd. | **3,07,79,167** | **19.80%** | 3,07,79,167 | 19.80% | 0.00% |

### Note 18 : Other equity

**Note 18.1 Reserves and surplus** (₹ Crores)

| Particulars | Capital reserve | Securities Premium | General reserve | Retained earnings | Total |
|---|---|---|---|---|---|
| **As at April 01, 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** |
| Profit for the year | | | | 1,703.75 | 1,703.75 |
| Re-measurement gain on defined benefit plans (net of tax) | | | | 14.79 | 14.79 |
| **Balance available for appropriation** | | | | **4,199.73** | **6,993.44** |
| **Less : Appropriations** | | | | | |
| Dividend | | | | 124.34 | 124.34 |
| **As at March 31, 2022** | **0.64** | **313.31** | **2,479.76** | **4,075.39** | **6,869.10** |

**Securities Premium:**

Securities premium is used to record the premium on issue of shares. This reserve is utilized in accordance with the provision of section 52 (2) (c) of the Companies Act, 2013.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 18.2 Other comprehensive income (OCI)** (₹ Crores)

| Particulars | Net gain / (loss) on FVTOCI equity Investments | Total |
|---|---|---|
| **As at April 01, 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** |
| Other comprehensive income / (expense) during the year | | |
| Net gain on FVTOCI equity investments for the year | 375.81 | 375.81 |
| Income tax effect | (54.84) | (54.84) |
| **As at March 31, 2022** | **874.32** | **874.32** |

**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 previous 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 18.3 Dividend distribution made and proposed** (₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Cash dividends on equity shares declared and paid** | | |
| Final dividend for year ended March 31, 2021: ₹ 8 per share (March 31, 2020: ₹ 5 per share) | **124.34** | 77.71 |
| **Proposed dividends on equity shares** | | |
| Final cash dividend proposed for the year ended March 31, 2022: ₹ 10 per share (March 31, 2021: ₹ 8 per share) | **155.42** | 124.34 |

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at balance sheet date.

**Note 19 : Borrowings** (₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Short-term interest bearing borrowings** | | |
| **Secured** | | |
| From Bank- cash credit and overdraft accounts | **0.07** | 2.16 |
| **Total** | **0.07** | 2.16 |

**Security details**

Short term borrowings from banks as cash credit and overdraft accounts of ₹ 0.07 crore (March 31, 2021: ₹ 2.16 crores) are secured by first charge by way of hypothecation of inventories and trade receivables and all other movable assets, both present

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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 3.50% to 4.50% p.a.

**Note 20 : Trade payables** (₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| (A) Total outstanding dues of micro, small and medium enterprises | **28.14** | 23.22 |
| (B) Total outstanding dues of creditors other than micro, small and medium enterprises | **603.06** | 376.23 |
| **Total** | **631.20** | 399.45 |

- Refer Note 45 for Ageing of Trade payables as on March 31, 2022 and March 31, 2021.

(₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **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 | **28.14** | 23.22 |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year | **-** | - |
| (iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day | **-** | - |
| (iv) The amount of interest due and payable for the year | **-** | - |
| (v) The amount of interest accrued and remaining unpaid at the end of the accounting year | **-** | - |
| (vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | **-** | - |

Dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

**Note 21 : Other current financial liabilities** (₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Current** | | |
| **Other financial liabilities at amortised cost unless specified** | | |
| Liability towards capital grant received (net) (*) | **85.06** | 85.06 |
| Deposits / retention money from customers / vendors / others | **36.64** | 51.96 |
| Payable for capital goods @ | **28.90** | 28.62 |
| Rebate / discounts payable to customers | **44.19** | 40.16 |
| Liability towards employee benefit | **44.13** | 52.03 |
| Liability for Escrow Accounts $ | **165.62** | 37.46 |
| Unclaimed dividends # | **12.02** | 10.71 |
| Fair Value of Derivative contracts (at FVTPL) | **0.24** | 1.11 |
| Interest accrued but not due on borrowings | **0.03** | - |
| **Total** | **416.83** | 307.11 |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Non - Current** | | |
| Retention money from vendors | **5.12** | 5.12 |
| **Total** | **5.12** | 5.12 |
| **Total other financial liabilities** | **421.95** | 312.23 |

* 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 ₹ 6.99 crores (March 31, 2021 : ₹ 1.00 crore) payable to Micro, Small and Medium Enterprises which have been determined to the extent such parties have been identified on the basis of information collected by the Management.

$ Escrow account liability represents amount received as Earnest Money Deposit & Tender fees against e-auction done on behalf of various local authorities of Government of Gujarat. Corresponding asset is disclosed in Note 15 as "Bank balances in escrow accounts".

# Not due for credit to "Investors Education and Protection Fund".

**(a) Disclosure with regards to changes in liabilities arising from financing activities as per Ind AS 7 Statement of Cash Flows:**

Disclosure of changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses) is as under:

(₹ Crores)

| Particulars | Borrowings (includes Current Maturities) and Interest accrued but not due | Unclaimed Dividend | Derivatives | Total |
|---|---|---|---|---|
| **As on April 01, 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** |
| Net Cash Flow | (1.63) | (123.03) | (5.61) | (130.27) |
| Changes in Fair Value | - | - | 4.74 | 4.74 |
| Charged to P&L during the year | 1.66 | - | - | 1.66 |
| Dividend recognised during the year | - | 124.34 | - | 124.34 |
| **As on March 31, 2022** | **0.03** | **12.02** | **0.24** | **12.29** |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 22 : Provisions (Non-current)** (₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Provision for leave encashment | **188.53** | 197.81 |
| Provision for post retirement medical benefit (refer Note 41) | **66.01** | 62.42 |
| Provision for contingencies * | **55.70** | - |
| **Total** | **310.24** | 260.23 |

* These provisions represent estimates made mainly for probable claims arising out of litigations / disputes pending with authorities under various statutes (Excise duty) and with other parties. The probability and the timing of the outflow with regard to these matters depend on the final outcome of the litigations/disputes. Hence, the Company is not able to reasonably ascertain the timing of the outflow. The movement of other provision is as under:

(₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Opening balance** | **-** | - |
| Provision made during the year | **55.70** | - |
| Amount utilised / reversed during the year | **-** | - |
| **Closing balance** | **55.70** | - |

**Note 23 : Government grant (Deferred Income)** (₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Current** | | |
| Grant from Government of India (refer note a) | **60.65** | 60.65 |
| Government grant of Export Promotion Capital Grant (EPCG) (refer note b) | **6.24** | 5.93 |
| **Total** | **66.89** | 66.58 |
| **Non Current** | | |
| Grant from Government of India (refer note a) | **636.86** | 697.51 |
| Other Government grant | **0.93** | 1.00 |
| **Total** | **637.79** | 698.51 |
| **Total government grant (deferred income)** | **704.68** | 765.09 |

**(a) Movement in Grant from Government of India** (₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Opening** | **758.16** | 818.81 |
| Amortised to statement of profit and loss | **(60.65)** | (60.65) |
| **Closing** | **697.51** | 758.16 |

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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

₹ 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, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Opening** | **5.93** | 1.85 |
| Add: New EPCG license received during the year. | **0.86** | 6.08 |
| Less: Amortised to statement of profit and loss | **(0.55)** | (2.00) |
| **Closing** | **6.24** | 5.93 |

### Note 24 : Other liabilities

**(₹ Crores)**

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Statutory and other liabilities | **99.79** | 59.53 |
| Other current liabilities (Refer Note 43 (A)) | **36.97** | 33.89 |
| Contract liabilities (including advance from customers) | **24.80** | 15.14 |
| **Total other liabilities** | **161.56** | 108.56 |

### Note 25 : Provisions (current)

**(₹ Crores)**

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Provision for leave encashment | **34.23** | 31.30 |
| Provision for post retirement medical benefit (Refer Note 41) | **2.21** | 2.02 |
| Provision for contingencies ** | **1.59** | 1.60 |
| **Total** | **38.03** | 34.92 |

** The Company had created a contingency provision for possible contractual obligation of IT business. The movement of other provision is as under:

**(₹ Crores)**

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Opening balance** | **1.60** | **3.04** |
| Provision made during the year | **-** | **-** |
| Amount utilised / reversed during the year | **(0.01)** | **(1.44)** |
| **Closing balance** | **1.59** | **1.60** |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### Note 26 : Income Tax

The major component of income tax expenses for the year ended March 31, 2022 and March 31, 2021 are as under

**a) Statement of Profit and Loss Section** (₹ Crores)

| Particulars | | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| **Current Income tax** | | | |
| Current tax charges | A | 615.66 | 277.96 |
| Adjustments in respect of current income tax of earlier years (refer note (h) below) | B | 2.14 | - |
| Excess tax provision write back of earlier years (refer note (h) below) | C | - | (0.09) |
| **Deferred Tax** | | | |
| - Relating to origination and reversal of temporary differences | D | (23.50) | (18.77) |
| **Tax Expense reported in the Statement of Profit and Loss** | A + B + C + D | 594.30 | 259.10 |
| **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 | | (4.97) | (5.91) |
| - Unrealised gain / loss on FVTOCI equity investments, (charge) / credit | | (54.84) | (46.54) |
| | | (59.81) | (52.45) |

**b) Balance Sheet Section**

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Liabilities for current tax (net) | 36.10 | 41.16 |
| Income tax assets (net) | (9.77) | (9.77) |
| **Net Tax Provision Outstanding** | 26.33 | 31.39 |

**c) Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2022 and March 31, 2021**

(₹ Crores)

| Particulars | Year ended March 31, 2022 | | Year ended March 31, 2021 | |
|---|---|---|---|---|
| | % | Amount | % | Amount |
| **Profit Before tax** | | 2,298.05 | | 948.31 |
| **Tax using domestic tax rate for Company** | 25.17% | 578.37 | 34.94% | 331.38 |
| **Tax Effect of:** | | | | |
| Income exempted from tax | (0.05%) | (1.22) | (0.43%) | (4.12) |
| Deduction u/s 80IA | - | - | (7.11%) | (67.44) |
| Non-deductible expenses | 0.10% | 2.37 | 0.19% | 1.79 |
| Sale of assets | 0.01% | 0.24 | 0.05% | 0.52 |
| Right of Use Asset - Ind AS 116 | (0.01%) | (0.18) | (0.04%) | (0.35) |
| Adjustment in depreciation net book value of assets | 0.02% | 0.52 | 0.21% | 1.98 |
| Reversal of deferred tax liability on account of Change in tax rate | 0.22% | 5.16 | (0.52%) | (4.94) |
| Interest u/s 234C | 0.34% | 7.75 | 0.69% | 6.52 |
| Other adjustments | (0.04%) | (0.85) | (0.65%) | (6.15) |
| **Effective tax rate and tax** | 25.77% | 592.16 | 27.33% | 259.19 |
| **Adjustments in respect of Current Income Tax of earlier years** | 0.09% | 2.14 | - | - |
| **Excess tax provision write back of earlier years** | - | - | (0.01%) | (0.09) |
| **Tax expenses as per Books** | 25.86% | 594.30 | 27.32% | 259.10 |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**d) Deferred Tax Liability (net)** (₹ Crores)

| Particulars | Balance Sheet as at | | Statement of Profit and Loss | |
|---|---|---|---|---|
| | March 31,2022 | March 31,2021 | Year ended March 31,2022 | Year ended March 31,2021 |
| (Liability) on Accelerated depreciation for tax purpose | **(562.60)** | (605.66) | **(43.06)** | (44.53) |
| Assets on provision for Leave encashment | **54.09** | 59.42 | **5.33** | 10.13 |
| Assets on deferred government grant of ASGP | **175.55** | 196.74 | **21.19** | 27.13 |
| Assets on deferred government grant of EPCG | **1.57** | 2.07 | **0.50** | (2.04) |
| Assets on Provision for doubtful debts and advances | **30.52** | 21.59 | **(8.93)** | (8.00) |
| (Liability) on equity investment FVTOCI | **(123.96)** | (69.12) | **54.84** | 46.54 |
| Assets on other adjustments | **2.58** | 4.05 | **1.47** | (1.46) |
| | **(422.25)** | (390.91) | **31.34** | 27.77 |

**e) Deferred tax liabilities reflected in the balance sheet as follows** (₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Deferred tax liabilities | **422.25** | 390.91 |
| Less :Tax credit entitlement under MAT | **-** | - |
| **Deferred tax liabilities (net)** | **422.25** | 390.91 |

**f) Reconciliation of deferred tax liabilities (net)** (₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Opening balance as of April 01** | **390.91** | 316.08 |
| Tax (credit) during the period recognised in statement of profit and loss | **(23.50)** | (18.77) |
| Tax charge during the period recognised in OCI | **54.84** | 46.54 |
| Utilisation of MAT credit entitlement | **-** | 47.06 |
| **Closing balance as of March 31** | **422.25** | 390.91 |

**g)** During the current year, the Company has decided to exercise the option permitted under section 115BAA of the Income Tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019 under which domestic companies have the option to pay income tax at lower rate ("New tax rate") subject to the giving up of certain incentives and deductions. Accordingly, the provision for current tax for the current year ended on March 31, 2022 of ₹ 615.66 crores is measured at the New tax rate.

Further, in the Financial Year 2019-2020, deferred tax balances were re-measured using the tax rate expected to be prevalent in the period in which the deferred tax balances are expected to reverse. Therefore, there is no material impact on the deferred tax in the current year ended March 31, 2022 due to rate change.

**h)** Adjustment in respect of current income tax of earlier years of ₹ 2.14 crores represents differential tax liability for FY 2020-21 at the time of filling of return of income compared to the provision made in books of accounts.

Further, 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 ₹ NIL (previous year ₹ 0.09 crores) related with earlier years has been written back in the books.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 27 : Revenue from operations** (₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **27.1** | | |
| **Sale of products** | | |
| Own products (refer below note 27.2) | **8,530.18** | 5,038.59 |
| Traded products | **27.40** | 15.14 |
| | **8,557.58** | 5,053.73 |
| **Rendering of services** | **65.88** | 58.44 |
| **Other operating revenue** | | |
| Export incentive | **2.07** | 4.29 |
| Recovery of administrative charges (Fly Ash) | **7.48** | 7.29 |
| Sale of scrap / surplus / unserviceable materials | **9.28** | 4.94 |
| | **18.83** | 16.52 |
| **Total** | **8,642.29** | 5,128.69 |
| **27.2 - 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 | **1,775.82** | 992.64 |
| - Pertaining to earlier year recognised during current year | **66.63** | 47.61 |
| **Total** | **1,842.45** | 1,040.25 |
| **27.3 - Timing of revenue recognition** | | |
| Goods transferred / services rendered at point in time | **8,604.60** | 5,104.40 |
| Services transferred over time | **37.69** | 24.29 |
| **Total** | **8,642.29** | 5,128.69 |

**27.4** There are no inter-segment transfers in case of revenue from contracts with customers, accordingly no reconciliation is required with amounts disclosed in the segment information.

**27.5** Reconciliation of amounts of revenue recognized in the statement of profit and loss with the contracted price.

(₹ Crores)

| Particulars | | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| Gross Revenue as per contracted price with customer | | **7,105.39** | 4,352.17 |
| **Adjustments:** | | | |
| Rebates / discounts / incentives | | **(278.96)** | (233.59) |
| Dealer's margin | | **(26.59)** | (30.14) |
| **Net Revenue as per contracted price with customer** | **A** | **6,799.84** | 4,088.44 |
| **Subsidy income from Government of India** | **B** | **1,842.45** | 1,040.25 |
| **Total Revenue from operations** | **A+B** | **8,642.29** | 5,128.69 |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 28 : Other income** (₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Grant income | **61.27** | 62.65 |
| Interest income * @ | **119.17** | 85.94 |
| Lease rental income | **7.81** | 9.43 |
| Unclaimed liabilities / excess provision for doubtful debt written back | **6.00** | 6.04 |
| Dividend income ** | **4.85** | 11.80 |
| Profit on sale of property, plant & equipments (net of losses) | **0.11** | 0.02 |
| Insurance claim | **2.21** | 4.51 |
| Fair valuation gain on investments measured at FVTPL (net) | **0.54** | - |
| Gain on sale of investments carried at FVTPL | **0.12** | 43.88 |
| Gain on Lease modification/ termination (net of losses) *** | **-** | 0.02 |
| Miscellaneous income | **7.34** | 12.94 |
| **Total** | **209.42** | 237.23 |

* Including ₹ 18.68 crores (previous year ₹ 39.54 crores) on FVTPL Financial Assets.
@ Includes Nil (previous year ₹ 0.31 crore) interest on income tax refunds.
** Including ₹ 4.72 crores (previous year ₹ 11.68 crores) on FVTOCI Financial Assets.
*** Amount for the current year is nullified on conversion to ₹ crores.

**Note 29: Cost of raw materials consumed** (₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Inventory at the beginning of the year | **186.69** | 191.99 |
| Add : Purchases | **4,074.84** | 2,219.53 |
| | **4,261.53** | 2,411.52 |
| Less : Inventory at the end of the period | **362.44** | 186.69 |
| **Total** | **3,899.09** | 2,224.83 |

**Note 30 : Changes in inventories of finished goods, work-in-progress and traded goods** (₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Inventory at the beginning 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 |
| **Inventory at the end of the period** | | |
| Work-in-progress | **38.58** | 36.79 |
| Finished goods | **80.04** | 113.26 |
| Traded goods | **14.82** | 2.22 |
| | **133.44** | 152.27 |
| **Total** | **18.83** | 68.53 |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 31 : Employee benefits expense** (₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Salaries and wages | **343.64** | 333.29 |
| Contribution to provident and pension fund (refer Note 41) | **43.23** | 43.28 |
| Contribution and provision towards gratuity (refer Note 41) | **16.80** | 17.27 |
| Employees' welfare expenses | **64.26** | 57.63 |
| **Total** | **467.93** | 451.47 |

**Note 32 : Finance costs** (₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Interest on borrowings | **0.43** | 16.46 |
| Interest others | **1.08** | 1.83 |
| Bank charges and commission | **1.80** | 1.52 |
| Interest on lease liability (refer Note 39) | **0.15** | 0.14 |
| **Total** | **3.46** | 19.95 |

**Note 33 : Depreciation and amortization** (₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Depreciation on property, plant and equipment (refer Note 4) | **286.35** | 267.95 |
| Depreciation on investment property (refer Note 6) | **0.42** | 0.43 |
| Amortization on intangible assets (refer Note 7) | **3.96** | 2.95 |
| Depreciation on RoU assets (refer Note 39) | **0.96** | 0.97 |
| **Total** | **291.69** | 272.30 |

**Note 34 : Other expenses** (₹ Crores)

| Particulars | Year Ended March 31, 2022 | | Year Ended March 31, 2021 | |
|---|---|---|---|---|
| Stores, chemicals and catalysts | | **146.44** | | 123.31 |
| Packing expenses | | **89.33** | | 69.47 |
| Insurance | | **35.06** | | 36.73 |
| Repairs and maintenance : | | | | |
| - Building | **9.00** | | 7.02 | |
| - Plant and equipment | **131.31** | | 102.41 | |
| - Others | **6.10** | **146.41** | 5.77 | 115.20 |
| Material handling expenses | | **10.38** | | 10.14 |
| Outward freight and other charges | | **83.36** | | 91.63 |
| Sales promotion expenses | | **2.02** | | 2.23 |
| Selling commission | | **0.30** | | - |
| Rates & taxes | | **4.16** | | 3.53 |
| Operating lease Rent | | **4.01** | | 4.47 |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 34 : Other expenses (Contd...)** (₹ Crores)

| Particulars | | Year Ended March 31, 2022 | | Year Ended March 31, 2021 |
|---|---|---|---|---|
| Printing & stationery, communication and advertisement expense | | **2.47** | | 2.27 |
| Traveling and conveyance expenses | | **1.68** | | 1.45 |
| Fire fighting, safety and security expenses | | **8.30** | | 7.94 |
| Electricity charges | | **2.20** | | 2.57 |
| Professional and consultancy charges | | **2.88** | | 2.77 |
| Payment for contract services | | **16.31** | | 14.40 |
| Exchange variance on monetary items | | **2.91** | | 2.82 |
| Director's fees | | **0.15** | | 0.10 |
| Payment to auditors (refer note (a) below) | | **0.41** | | 0.43 |
| Contributions towards Corporate Social Responsibilities (refer Note 40) | | **9.43** | | 20.26 |
| Premium on forward contracts | | **5.61** | | 4.45 |
| Provision for doubtful debts / advances | | **7.20** | | 17.88 |
| Provision for excess inventory | | **13.00** | | 7.90 |
| Bad debts written off | | **0.32** | | 0.72 |
| Provision for Contingencies | | **55.70** | | - |
| Fair valuation loss on investments measured at FVTPL (net) | | **-** | | 0.92 |
| Inventory Written off | **0.99** | | 1.85 | |
| Less: Utilization of Provision for Inventory obsolescence | **(0.87)** | **0.12** | (1.45) | 0.40 |
| Assets written off | | **1.05** | | 1.52 |
| Miscellaneous expenses * | | **39.59** | | 32.48 |
| **Total** | | **690.80** | | 577.99 |

* It includes ₹ 24.32 crores (previous year ₹ 19.88 crores) related to by-product & waste handling expense.

**(a) Payment to auditors includes following :** **(₹ Crores)**

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| **Payments to Statutory Auditors comprise: (Net of GST Input Credit, where applicable)** | | |
| **As auditor:** | | |
| (i) Statutory Audit Fees | **0.13** | 0.16 |
| (ii) Limited review Fees | **0.11** | 0.15 |
| **In other capacity:** | | |
| (i) Certification fees | **0.16** | 0.10 |
| (ii) Others | **-** | - |
| **Reimbursement of Expenses** | **0.01** | 0.02 |
| **Total** | **0.41** | 0.43 |

The above Includes ₹ 0.14 crore paid to previous auditor during the year ended March 31, 2022.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### Note 35 : Earning per share

| Particulars | Unit | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| Net profit after tax | ₹ Crores | **1,703.75** | 689.21 |
| 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 | ₹ | **109.62** | 44.35 |

### Note 36 : Contingent liabilities and other commitments (to the extent not provided for)

(₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **(A) Contingent liabilities** | | |
| (i) Claims against the Company not acknowledged as debts (In the nature of business contractual claims) | **254.91** | 274.24 |
| (ii) Income tax assessment orders contested | **143.10** | 45.06 |
| (iii) Demands in respect of Central Excise Duty, Custom Duty, Service Tax, GST and Value Added Tax as estimated by the Company | **153.00** | 166.08 |
| **Total contingent liabilities** | **551.01** | 485.38 |
| 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)** | **162.68** | 103.23 |
| **(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. | **120.97** | 106.41 |
| **Total other commitments** | **120.97** | 106.41 |

### Note 37 : Related party disclosures

Related party disclosures, as required by Ind AS-24, "Related Party Disclosures", are given below: (₹ Crores)

| Name of the Company | Nature of Relationship | Nature of Transactions | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|---|---|
| Gujarat Green Revolution Company Limited | Associate | Sale of goods and services | **- *** | - * |
| | | Dividend received | **0.13** | 0.13 |
| 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 |

* 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.

** The name of the Company's wholly owned subsidiary – "Gujarat Ncode Solutions Limited", has been strike off by the Register of Companies vide its order dated September 25, 2021.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Amount ₹)

| Name of the Person | Nature of Relationship | Nature of Transactions | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|---|---|
| Shri Pankaj Kumar, IAS - Chairman @ (From 07.09.2021) | Key Management Personnel | Sitting Fees | **52,500** | - |
| Shri Anil Mukim, IAS - Chairman @ (upto 03.09.2021) | Key Management Personnel | Sitting Fees | **35,000** | 62,500 |
| Smt. Mamta Verma, IAS - Director @ | Key Management Personnel | Sitting Fees | **1,92,500** | 1,10,000 |
| Shri Mukesh Puri, IAS - Director @ (From 07.01.2021) | Key Management Personnel | Sitting Fees | **1,75,000** | 32,500 |
| Shri J P Gupta, IAS - Director @ (From 20.12.2021) | Key Management Personnel | Sitting Fees | **35,000** | - |
| Smt. Gaurikumar, IAS (Rtd.) - Director | Key Management Personnel | Sitting Fees | **2,97,500** | 1,90,000 |
| Prof. Ranjan Kumar Ghosh - Director (From 29.10.2020) | Key Management Personnel | Sitting Fees | **2,97,500** | 67,500 |
| Shri Bhadresh Mehta (From 29.12.2021) | Key Management Personnel | Sitting Fees | **87,500** | - |
| Dr. N. Ravichandran, Director (From 29.12.2021) | Key Management Personnel | Sitting Fees | **87,500** | - |
| Prof. Piyushkumar Sinha, Director (From 08.03.2022) | Key Management Personnel | Sitting Fees | **17,500** | - |
| Shri Sunil Parekh - Director (upto 30.09.2021) | Key Management Personnel | Sitting Fees | **2,10,000** | 3,72,500 |
| Prof. Arvind Sahay (upto 30.09.2020) | Key Management Personnel | Sitting Fees | **-** | 75,000 |
| Shri Arvind Agarwal, IAS (Rtd.)* (From 10.06.2020 to 07.12.2020) | Key Management Personnel | Sitting Fees | **-** | 60,000 |
| Shri Pankaj Joshi, IAS - Managing Director (From 16.07.2020) | Key Management Personnel | Managerial remuneration | | |
| Shri M S Dagur, IAS - Managing Director (upto 15.07.2020) | Key Management Personnel | Managerial remuneration | **74,29,187 **** | 68,68,532 ** |
| Shri D V Parikh (ED & CFO) | Key Management Personnel | Remuneration | | |
| Shri A C Shah (GM & CS) | Key Management Personnel | Remuneration | | |

@ Amount deposited in Government Treasury

* ₹ 60,000/- Outstanding payable as on March 31, 2021.

** ₹ 0.06 Lakh Outstanding payable as on March 31, 2022 (₹ 0.05 Lakh as on March 31, 2021).

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 38 : 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, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Personnel expenses | **2.03** | 1.44 |
| Consumables and spares | **0.10** | 0.04 |
| Power and fuel consumption | **0.09** | 0.06 |
| **Total research and development expenses** | **2.22** | 1.54 |

**Note 39 : Leases:**

**Company as a lessee**

The Company has taken various land, warehouses, godowns, guest houses, office premises and vehicles used in its operations. These are generally cancellable having a term between one to three year extendable for further period as per the terms of rental agreements.

The Company also has certain leases of warehouses, godowns, office premises and vehicles with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised as per Ind AS 116 and the movements during the period:

(₹ 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** |
| Additions | - | 0.84 | - | 0.84 |
| Deletion / Termination | - | (0.21) | - | (0.21) |
| Depreciation for the year | (0.02) | (0.94) | - | (0.96) |
| Dep on Disposals / termination | - | 0.13 | - | 0.13 |
| **As at March 31, 2022** | **0.23** | **1.40** | **-** | **1.63** |

Set out below are the carrying amounts of lease liabilities and the movements during the period:

(₹ Crores)

| Particulars | Amount |
|---|---|
| **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** |
| Additions | 0.84 |
| Accretion of interest | 0.15 |
| Payments | (1.10) |
| Lease termination | (0.09) |
| **As at March 31, 2022** | **1.70** |
| **Current** | **0.73** |
| **Non-Current** | **0.97** |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

The maturity analysis of lease liabilities are disclosed in Note 50.

The effective interest rate for lease liabilities is 8.70%, with maturity between 2020-2049

The following are the amounts recognised in Statement of profit and loss: **(₹ Crores)**

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Depreciation expense of right-of-use assets | **0.96** | 0.97 |
| Interest expense on lease liabilities | **0.15** | 0.14 |
| Expense relating to short-term leases (included in other expenses) | **4.01** | 4.47 |
| **Total amount recognised in profit and loss** | **5.12** | 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, 2022 | As at March 31, 2021 |
|---|---|---|
| Not later than one year | **0.87** | 0.66 |
| Later than one year not later than five years | **0.79** | 0.93 |
| Later than Five years | **-** | - |
| **Total** | **1.66** | 1.59 |

**Note 40: Corporate social responsibility** **(₹ Crores)**

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| A) Gross amount required to be spent by the Company during the year | **14.40** | 16.01 |
| B) Amount spent during the year on | | |
| (I) Construction/acquisition of any asset | **-** | - |
| (II) On purposes other than (I) above (Refer below note (a & b)) | **10.15** | 20.26 |
| C) Shortfall / (excess) at the end of the year before set off | **4.25** | (4.25) |
| D) Amount available for set off for the year | **4.25** | - |
| E) Shortfall / (excess) at the end of the year after set off | **-** | (4.25) |
| F) Reason for shortfall | **NA** | NA |
| G) Nature of CSR activities | **Refer below note (c)** | Refer below note (c) |
| H) Details of related party transactions in relation to CSR expenditure as per Ind AS 24, Related Party Disclosures (Refer below note (d)) | **9.43** | 10.26 |

**Note (a) :**

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 had 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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(CSR) wherein it was inter alia clarified that "Chief Minister's Relief Fund" or "State Relief Fund" for COVID19 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 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 previous year.

**Note (b) :**

Includes ₹ 0.72 crore expenditure incurred for supply of Oxygen to various hospitals at Free of Cost.

**Note (c) :**

CSR Expenditure incurred for various activities like Women empowerment, Rural development, Livelihood enhancement, Promoting gender equality, education, Preventive healthcare and sanitation, Disaster management, Support to armed force etc.

**Note (d) :**

Represents contribution to Narmadanagar Rural Development Society (NARDES), a CSR Arm controlled by the Company to undertake various CSR activities.

**Note 41: Gratuity and other post employment benefit plans:**

**A. Defined contribution plans:**

Amount of ₹ **43.23** crores (March 31, 2021: ₹ 43.28 crores) is recognised as expenses and included in Note No. 31 "Employee benefit expense"

(₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Provident fund | **23.42** | 23.18 |
| Contribution to pension scheme | **19.81** | 20.10 |
| | **43.23** | 43.28 |

**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, 2022

### March 31, 2022 : Changes in defined benefit obligations and plan assets

(₹ Crores)

| | April 01, 2021 | Cost charged to statement of profit and loss | | | Benefit paid | Remeasurement gains/(losses) in other comprehensive income (OCI) | | | | | Contributions by employer | March 31, 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Service cost | Net interest expense | Sub-total included in statement of profit and loss | | 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 adjust-ments | Sub-total included in OCI | | |
| **Gratuity** | | | | | | | | | | | | |
| Defined benefit obligation | (309.31) | (16.80) | (21.25) | (38.05) | 35.31 | - | (0.07) | 8.85 | 10.38 | 19.16 | - | **(292.89)** |
| Fair value of plan assets | 309.31 | - | 21.25 | 21.25 | (35.31) | 0.56 | - | - | - | 0.56 | - | **295.81** |
| **Benefit (liability) / Assets** | - | **(16.80)** | **-** | **(16.80)** | **-** | **0.56** | **(0.07)** | **8.85** | **10.38** | **19.72** | **-** | **2.92** |
| **Post retirement medical benefit** | | | | | | | | | | | | |
| Defined benefit obligation | (64.44) | (3.12) | (4.45) | (7.57) | 3.74 | - | (7.18) | 5.29 | 1.94 | 0.05 | - | **(68.22)** |
| Fair value of plan assets | - | - | - | - | - | - | - | - | - | - | - | **-** |
| **Benefit (liability) / Assets** | **(64.44)** | **(3.12)** | **(4.45)** | **(7.57)** | **3.74** | **-** | **(7.18)** | **5.29** | **1.94** | **0.05** | **-** | **(68.22)** |

### March 31, 2021 : Changes in defined benefit obligations and plan assets

(₹ Crores)

| | April 01, 2020 | Cost charged to statement of profit and loss | | | Benefit paid | Remeasurement gains/(losses) in other comprehensive income (OCI) | | | | | Contributions by employer | March 31, 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Service cost | Net interest expense | Sub-total included in statement of profit and loss | | 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 adjust-ments | 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) |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**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, 2022 | Year ended March 31, 2021 |
|---|---|---|
| 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, 2022 | Year ended March 31,2021 | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Discount rate | **7.27%** | 6.87% | **7.40%** | 6.91% |
| Future salary increase | **9% and 7% as per category** | 9% and 7% as per category | **N.A** | N.A |
| Medical Inflation Rate | **N.A** | N.A | **5.00%** | 5.00% |
| Expected rate of return on plan assets | **7.27%** | 6.87% | **N.A** | N.A |
| Employee Turnover Rate | **10% and 1% as per category** | 12% and 1% as per category | **1.00%** | 1.00% |
| Mortality rate during employment | **Indian Assured Lives Mortality (2012-14) (Urban)** | Indian Assured Lives Mortality (2006-08) Ultimate | **Indian Assured Lives Mortality (2012-14) (Urban)** | Indian Assured Lives Mortality (2006-08) Ultimate |
| Mortality rate after employment | **N.A** | N.A | **Indian Individual AMT (2012-15)** | Indian Assured Lives Mortality (2006-08) Ultimate |

**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, 2022 | Year ended March 31,2021 | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Discount rate | 1% increase | **(19.85)** | (20.72) | **(9.04)** | (8.39) |
| | 1% decrease | **23.25** | 24.17 | **11.54** | 11.59 |
| Salary increase | 1% increase | **23.08** | 23.89 | **N.A** | N.A |
| | 1% decrease | **(20.07)** | (20.87) | **N.A** | N.A |
| Medical cost inflation | 1% increase | **N.A** | N.A | **11.71** | 11.70 |
| | 1% decrease | **N.A** | N.A | **(9.30)** | (8.60) |
| Employee turnover | 1% increase | **0.64** | (0.07) | **(3.00)** | (2.81) |
| | 1% decrease | **(0.76)** | 0.05 | **3.60** | 4.19 |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**The followings are the expected future benefit payments for the defined benefit plan :** (₹ Crores)

| Particulars | Gratuity | | Post retirement medical benefit | |
|---|---|---|---|---|
| | Year ended March 31, 2022 | Year ended March 31,2021 | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Within the next 12 months (next annual reporting period) | **37.17** | 37.72 | **2.21** | 2.02 |
| Between 2 and 5 years | **113.63** | 118.66 | **11.72** | 10.92 |
| Between 6 and 10 years | **126.40** | 131.42 | **21.37** | 20.55 |
| **Total expected payments** | **277.20** | 287.80 | **35.30** | 33.49 |

**Weighted average duration of defined plan obligation (based on discounted cash flows)** (Years)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Gratuity | **9** | 9 |
| 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, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Gratuity | **12.95** | 15.98 |
| Post retirement medical benefit | **-** | - |

### Note 42: Investments in Subsidiary and Associates

| Name of Entity | Relationship | Place of Business | Ownership | |
|---|---|---|---|---|
| | | | March 31, 2022 | March31, 2021 |
| Gujarat Ncode Solutions Limited * | Subsidiary | India | **NIL** | 100.00% |
| Gujarat Green Revolution Company Limited | Associate | India | **46.87%** | 46.87% |

* The Name of the Company's wholly owned subsidiary – "Gujarat Ncode Solutions Limited", has been strike off by the Register of Companies vide its Order dated September 25, 2021.

Note: Method of accounting of investments in subsidiary and associate company is at cost.

### NOTE: 43 (A)

In earlier year, Hon'ble High Court of Gujarat has sanctioned the Scheme of Arrangement and Demerger for transfer of V-SAT/ ISP Gateway Business of the Company to ING Satcom Ltd., an unlisted Company against cash consideration of ₹ 6 crores vide its Common Oral Order dated June 15, 2012.

The "Appointed Date" of the Scheme is 1st April, 2010.

Subsequent to the Order passed by the Hon'ble High Court of Gujarat, sanctioning the Scheme of Demerger, two separate applications for transfer of V-SAT and ISP Gateway Licences standing in the name of the Company to the name of Transferee Company viz. ING Satcom Limited were submitted to Department of Telecommunications (DOT) on January 31, 2013 which are still pending for approval before DOT.

As per the legal opinion taken by the Company from the consultant, though the Scheme has been sanctioned by the Hon'ble High Court of Gujarat and has become effective, the scheme is subject to and conditional upon the approval of the Government Authorities for transfer of Licences from the Company to ING Satcom Limited.

During the year 2014-15, an agreement-Cum-Indemnity Bond was executed on 12.04.2014 between the Company and ING

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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 31.03.2022.

Necessary accounting treatment will be given in the books of accounts of the Company either on disposal of applications for transfer of Licences in the name of ING Satcom Limited by the competent authorities or on finalization of settlement of transaction with ING Satcom Limited. The amount received is classified under other current liabilities (refer Note 24).

**NOTE: 43(B) - Demand Notice from Department of Telecommunication (DoT)**

During the year ended March 31, 2020, 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, towards the license fee (including of interest and penalty computed till March 31, 2020) 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 interest and penalty). The Company has made representations to the DoT against the said demand notices.

The Company has evaluated the assessment made by DoT for raising the above demand notices based on the Adjusted Gross Revenue (AGR) judgement of Hon'ble Supreme Court of India on October 24, 2019. Aggrieved by the above demands, the Company had submitted various representations dated January 06, 2020, February 21, 2020, April 03, 2020 and March 04, 2022 to the DoT requesting reconsideration and withdrawal of the Demands raised by the DoT including the revenues of the Company from Fertilizers and Chemicals Business which is completely unconnected to VSAT and ISP Licenses.

Hon'ble Supreme Court vide its Order dated June 11, 2020 directed DoT to reconsider the demand raised on Public Sector Undertakings ("PSUs"), which are not in business of mobile services to the general public.

Recently, the Telecom Disputes Settlement & Appellate Tribunal (TDSAT), in its Order dated 28th February, 2022 in the case of Netmagic Solutions Pvt. Ltd., a private limited Company, held that that there is no scope to differentiate between two sets of licensees having same or similar Licenses only on the basis of their ownership, private or public and set aside the demand raised by the DoT.

Based on the legal assessment in consultation with Senior Advocates, the Company believes that it has strong grounds on merits to contest the demand raised by the DoT and defend itself in the matter. Accordingly, the Company is of the view that no provision is required in respect of this matter.

**Note 44: Ageing for trade receivables**

**44.1 : Ageing for trade receivables as at March 31, 2022 is as follows :** **(₹ Crores)**

| Particulars | Not due | Outstanding for following periods from due date of payment | | | | | Grand Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 Months | 6 months to 1 year | 1 to 2 years | 2 to 3 years | more than 3 years | |
| **Trade Receivables** | | | | | | | |
| Undisputed, considered Good | 108.51 | 18.09 | 6.59 | 3.38 | 1.74 | - | 138.31 |
| Undisputed, Credit Impaired | - | - | - | - | 1.84 | 4.01 | 5.85 |
| Disputed, considered Good | - | 0.13 | 1.01 | 3.78 | 2.03 | 0.02 | 6.97 |
| Disputed, Credit Impaired | - | - | - | - | 1.95 | 10.83 | 12.78 |
| **Subsidy receivable** | | | | | | | |
| Undisputed, considered Good | - | 479.82 | - | - | - | - | 479.82 |
| Disputed, Credit Impaired | - | - | - | - | - | 0.95 | 0.95 |
| **As at March 31, 2022** | **108.51** | **498.04** | **7.60** | **7.16** | **7.56** | **15.81** | **644.68** |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**44.2 : Ageing for trade receivables as at March 31, 2021 is as follows :** (₹ Crores)

| Particulars | Not due | Outstanding for following periods from due date of payment: Less than 6 Months | 6 months to 1 year | 1 to 2 years | 2 to 3 years | more than 3 years | Grand Total |
|---|---|---|---|---|---|---|---|
| **Trade Receivables** | | | | | | | |
| Undisputed, considered Good | 186.24 | 15.00 | 12.49 | 4.35 | 8.20 | - | 226.28 |
| Undisputed, Credit Impaired | - | - | - | - | 6.80 | 0.80 | 7.60 |
| Disputed, considered Good | - | 0.06 | 0.08 | 3.93 | 1.24 | 0.02 | 5.33 |
| Disputed, Credit Impaired | - | - | - | 0.01 | 2.73 | 16.94 | 19.68 |
| **Subsidy receivable** | | | | | | | |
| Undisputed, considered Good | - | 212.73 | 53.15 | 7.55 | - | 3.48 | 276.91 |
| Disputed, considered Good | - | - | - | - | 0.42 | 0.61 | 1.03 |
| **As at March 31, 2021** | **186.24** | **227.79** | **65.72** | **15.84** | **19.39** | **21.85** | **536.83** |

**Note 45 : Ageing for trade Payable**

**45.1 : Ageing for trade payables as at March 31, 2022 is as follows :** (₹ Crores)

| Particulars | Not due | Outstanding for following periods from due date of payment: Less than 1 year | 1 to 2 year | 2 to 3 years | more than 3 years | Grand Total |
|---|---|---|---|---|---|---|
| **Trade Payables** | | | | | | |
| Undisputed - MSME | **18.97** | **2.00** | **0.04** | **0.30** | **5.19** | **26.50** |
| Undisputed - Others | **478.06** | **68.52** | **19.65** | **13.23** | **10.91** | **590.37** |
| Disputed - MSME | **-** | **-** | **-** | **-** | **1.64** | **1.64** |
| Disputed - Others | **-** | **0.46** | **0.45** | **0.40** | **11.38** | **12.69** |
| **Total - MSME** | **18.97** | **2.00** | **0.04** | **0.30** | **6.83** | **28.14** |
| **Total - Others** | **478.06** | **68.98** | **20.10** | **13.63** | **22.29** | **603.06** |

**45.2 : Ageing for trade payables as at March 31, 2021 is as follows :** (₹ Crores)

| Particulars | Not due | Outstanding for following periods from due date of payment: Less than 1 year | 1 to 2 year | 2 to 3 years | more than 3 years | Grand Total |
|---|---|---|---|---|---|---|
| **Trade Payables** | | | | | | |
| Undisputed - MSME | 11.46 | 1.57 | 0.38 | 2.60 | 5.57 | 21.58 |
| Undisputed - Others | 276.36 | 39.16 | 15.94 | 8.71 | 23.91 | 364.08 |
| Disputed - MSME | - | - | - | - | 1.64 | 1.64 |
| Disputed - Others | - | 0.49 | 0.40 | 0.34 | 10.92 | 12.15 |
| Total - MSME | 11.46 | 1.57 | 0.38 | 2.60 | 7.21 | 23.22 |
| Total - Others | 276.36 | 39.65 | 16.34 | 9.05 | 34.83 | 376.23 |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 46 : Segment Information**

**Operating Segments** The identified reportable segments are Fertilizers, Chemicals and Others in terms of the requirements of Ind AS 108 "Operating Segments" as notified under section 133 of the Companies Act, 2013. Other Segment mainly includes Information Technology division activities and neem product related activities.

**Identification of Segments:**The chief operational decision maker monitors the operating results of its Business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements, Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108.

**Segment revenue and results:**The expenses and income which are not directly attributable to any business segment are shown as unallocable expenditure and unallocable income.

**Segment assets and liabilities:**Segment assets include all operating assets used by the operating segment and mainly consist of property, plant and equipment, trade receivables, inventory and other operating assets. Segment liabilities primarily include trade payable and other liabilities. Common assets and liabilities which cannot be allocated to any of the business segments are shown as unallocable assets / liabilities.

**Inter Segment transfer:**Inter Segment revenues are recognised at sales price. The same is based on market price and business risks. Profit or loss on inter segment transfer are eliminated at the Company level.

Summary of segment information is given below:

**Note 46.1: Financial information about the primary business segment's Revenue & Results :** **(₹ Crores)**

| | | Fertilizers | | Chemicals | | Others | | Total | |
|---|---|---|---|---|---|---|---|---|---|
| | | **2021-22** | 2020-21 | **2021-22** | 2020-21 | **2021-22** | 2020-21 | **2021-22** | 2020-21 |
| **A** | **REVENUE:** | | | | | | | | |
| | External sales revenue | **2,508.57** | 1,751.03 | **6,045.46** | 3,304.55 | **88.26** | 73.11 | **8,642.29** | 5,128.69 |
| | Intersegment revenue | **-** | - | **-** | - | **-** | - | **-** | - |
| | **Total Revenue** | **2,508.57** | 1,751.03 | **6,045.46** | 3,304.55 | **88.26** | 73.11 | **8,642.29** | 5,128.69 |
| **B** | **RESULT:** | | | | | | | | |
| | Segment result | **14.53** | (24.02) | **2,156.60** | 874.29 | **24.66** | 9.59 | **2,195.79** | 859.86 |
| | Unallocable income | | | | | | | **131.49** | 144.81 |
| | Unallocable expenses | | | | | | | **(25.77)** | (36.41) |
| | Operating profit | | | | | | | **2,301.51** | 968.26 |
| | Finance costs | | | | | | | **(3.46)** | (19.95) |
| | Profit before tax | | | | | | | **2,298.05** | 948.31 |

**Note 46.2: Financial information about the primary business segment's assets and liabilities :** **(₹ Crores)**

| Assets & Liabilities | Fertilizers As at | | Chemicals As at | | Others As at | | Total As at | |
|---|---|---|---|---|---|---|---|---|
| | **31-03-2022** | **31-03-2021** | **31-03-2022** | **31-03-2021** | **31-03-2022** | **31-03-2021** | **31-03-2022** | **31-03-2021** |
| Segment assets | **2,027.29** | 1,776.89 | **2,630.80** | 2,698.70 | **291.50** | 183.81 | **4,949.59** | 4,659.40 |
| Segment liabilities | **(1,251.77)** | (1,177.47) | **(590.74)** | (425.55) | **(245.55)** | (136.80) | **(2,088.06)** | (1,739.82) |
| Other unallocable corporate assets | **-** | - | **-** | - | **-** | - | **5,677.03** | 3,640.88 |
| Other unallocable corporate liabilities | **-** | - | **-** | - | **-** | - | **(639.72)** | (576.79) |
| **Total capital employed** | **775.52** | 599.42 | **2,040.06** | 2,273.15 | **45.95** | 47.01 | **7,898.84** | 5,983.67 |
| **Capital assets/expenditure incurred during the year:** | | | | | | | | |
| Capital assets including capital work in progress | **15.92** | 36.43 | **97.32** | 147.50 | **0.62** | 1.08 | **113.86** | 185.01 |
| Other unallocable capital expenditures | **-** | - | **-** | - | **-** | - | **13.17** | 58.74 |
| **Total** | **15.92** | 36.43 | **97.32** | 147.50 | **0.62** | 1.08 | **127.03** | 243.75 |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 47 : Additional Regulatory Information : Ratios**

| Sr No. | Ratio | Units | Numerator | Denominator | Current Year | Previous Year | % Variance | Reason for Variance |
|---|---|---|---|---|---|---|---|---|
| 1 | Current Ratio | Times | Total current assets | Total current liability | 3.61 | 3.57 | 1.12% | |
| 2 | Debt-Equity Ratio | Times | Debt consist of Borrowings | Total equity | - | - | 0.00% | |
| 3 | Debt Service Coverage Ratio | Times | Net Profit after Tax for the year + Depreciation & Amortization + Interest | Finance cost + Principal repayment | 566.26 | 44.39 | 1175.65% | Due to higher profit and lower interest expense, debt service coverage ratio is improved. |
| 4 | Return On Equity | % | Net Profit after Tax for the year | Average total equity | 24.55% | 12.30% | 99.59% | Due to Higher Net Profit of FY 2021-22. |
| 5 | Inventory Turnover Ratio | Times | Revenue from operations | Average inventory | 9.65 | 5.88 | 64.12% | Due to improved sales volume of various Chemical products. |
| 6 | Trade Receivables turnover Ratio | Times | Revenue from operations | Average trade receivables | 15.23 | 5.33 | 185.74% | Due to decrease in average trade receivables due to realisation during the year and improved revenue from operation due to better market conditions. |
| 7 | Trade Payables Turnover ratio | Times | Toal Purchases ** | Average Trade Payable | 11.37 | 8.26 | 37.65% | Due to increase in total purchases. |
| 8 | Net Capital Turnover Ratio | Times | Revenue from operation | Average working capital (i.e. Total current assets less total current liabilities) | 2.88 | 2.37 | 21.52% | |
| 9 | Net Profit Ratio | % | Net Profit after Tax for the year | Revenue from operation | 19.71% | 13.44% | 46.65% | Due to increase in net profit by ₹ 1,015 Crores on account of improved realization across the board in Fertilizers and chemical products. |
| 10 | Return On Capital Employed | % | Profit before tax and finance cost | Capital Employed = Total Equity + Borrowings + Deferred tax liabilities | 27.66% | 15.18% | 82.21% | Higher profit before tax of FY 2021-22 which is 2.42 times more than the profit before tax of FY 2020-21. |
| 11 | Return On Investment | | | | | | | |
| a | Return on quoted equity investments | % | Dividend income + Gain / loss on fair value of investments | Value of investments at the beginning of the year | 41.48% | 69.98% | (40.73%) | Impact of change in market price. |
| b | Return on Unquoted equity investments | % | Dividend income +Gain / loss on fair value of investments | Value of investments at the beginning of the year | 55.35% | 11.09% | 399.10% | Due to increase in fair value of the investments. |
| c | Return on government securities | % | Interest income + Gain / loss on fair value of current investment at Fair Value through Profit & Loss + Gain / loss on on sale / redemption of Investment | Value of investments at the beginning of the year | 6.06% | 12.35% | (50.93%) | Due to Fair valuation impact. |
| d | Return on Debentures | % | | | 10.59% | 6.77% | 56.43% | Due to Fair valuation impact. |

** Total Purchases = Purchase of Raw material + Purchase of traded goods + Purchase of goods and services (IT division) + Power, fuel and other utilities + Adjusted Other Expense (Total other expenses - Provision for doubtful debts / advances - Provision for excess inventory - Bad debts written off - Provision for Contingencies - Inventory Written off - Assets written off - Contributions towards Corporate Social Responsibilities - Director's fees)

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

## Note: 48 Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below. (₹ Crores)

| Particulrs | FVTOCI Reserve | | Retained Earnings | | Total | |
|---|---|---|---|---|---|---|
| | Year Ended March 31, 2022 | Year Ended March 31, 2021 | Year Ended March 31, 2022 | Year Ended March 31, 2021 | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
| Re-measurement gain on defined benefit plans (net of tax) | - | - | **14.79** | 11.01 | **14.79** | 11.01 |
| Net gain on FVTOCI on equity Investments (net of tax) | **320.97** | 138.66 | **-** | - | **320.97** | 138.66 |
| | **320.97** | 138.66 | **14.79** | 11.01 | **335.76** | 149.67 |

## Note 49 : Details of hedged and unhedged exposure in foreign currency (FC) denominated monetary items :

### (a) Exposure in foreign currency - Hedged

#### (i) Amounts Payable in Foreign Currency :

| Particulars | As at March 31, 2022 | | | As at March 31, 2021 | | |
|---|---|---|---|---|---|---|
| | ₹ Crores | Amount in FC | | ₹ Crores | Amount in FC | |
| Payables for import * | **130.19** | **USD** | **1,72,12,000** | 77.75 | USD | 1,03,59,000 |
| Payables for import * | **-** | **Euro** | **-** | 2.93 | Euro | 3,28,600 |
| Payables for future import * | **9.29** | **USD** | **12,12,000** | 3.07 | USD | 4,16,000 |
| Payables for future import * | **2.35** | **Euro** | **2,74,000** | 4.48 | Euro | 4,91,500 |

* The above payable amounts are hedged against Forward exchange Contracts.

#### (ii) Amounts receivable in foreign currency :

| Particulars | As at March 31, 2022 | | | As at March 31, 2021 | | |
|---|---|---|---|---|---|---|
| | ₹ Crores | Amount in FC | | ₹ Crores | Amount in FC | |
| Cash and cash equivalents (EEFC) | **1.29** | **USD** | **1,71,188** | 0.64 | USD | 87,999 |

### (b) Exposure in foreign currency - Unhedged

#### (i) Amounts payable in foreign currency :

| Particulars | As at March 31, 2022 | | | As at March 31, 2021 | | |
|---|---|---|---|---|---|---|
| | ₹ Crores | Amount in FC | | ₹ Crores | Amount in FC | |
| Payables for Import | **6.34** | **Euro** | **7,41,560** | 1.67 | Euro | 1,91,340 |
| Payables for Import | **8.95** | **USD** | **11,73,763** | 7.68 | USD | 10,38,281 |
| Payables for Import | **0.28** | **GBP** | **27,540** | 0.30 | GBP | 29,908 |
| Payables for Import | **- *** | **CHF** | **217** | - * | CHF | 217 |
| Payables for Import | **0.04** | **AUD** | **6,500** | - | AUD | - |
| Payables for Import | **-** | **JPY** | **-** | 0.18 | JPY | 26,29,840 |

* Amount nullified on conversion to ₹ crores

#### (ii) Amounts receivable in foreign currency :

| Particulars | As at March 31, 2022 | | | As at March 31, 2021 | | |
|---|---|---|---|---|---|---|
| | ₹ Crores | Amount in FC | | ₹ Crores | Amount in FC | |
| Receivables for export | **0.92** | **USD** | **1,22,100** | 5.02 | USD | 6,87,820 |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**The following significant exchange rates have been applied during the year:**

| INR | Year end spot rate | |
|---|---|---|
| | March 31, 2022 | March 31, 2021 |
| USD 1 | Import - ₹ 76.27<br>Export - ₹ 75.29 | Import - ₹ 74.01<br>Export - ₹ 73.04 |
| EURO 1 | ₹ 85.53 | ₹ 87.08 |
| GBP 1 | ₹ 100.12 | ₹ 101.66 |
| CHF 1 | ₹ 82.84 | ₹ 78.74 |
| AUD 1 | ₹ 57.37 | N.A |
| JPY 1 | N.A | ₹ 0.6697 |

**Note 50 : Financial Instruments, Fair Value Measurements, Financial Risk and Capital Management :**

**50.1 : Category-wise classification of financial instruments:** (₹ Crores)

| Particulars | Refer Note | As at March 31, 2022 | | | |
|---|---|---|---|---|---|
| | | Fair Value through other Comprehensive income | Fair Value through profit or loss | Amortised cost | Carrying Value |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 14 | - | - | 72.71 | 72.71 |
| Other bank balances | 15 | - | - | 1,109.23 | 1,109.23 |
| Investments in equity shares (other than investment in subsidiary & associate entity) | 8 | 1,155.70 | - | - | 1,155.70 |
| Investments in unquoted equity shares of subsidiary entity and associate entity | 8 | - | - | 1.25 | 1.25 |
| Investments in unquoted debentures, Govt Securities & State development Loans | 8 | - | 64.81 | - | 64.81 |
| Trade receivables | 11 | - | - | 625.10 | 625.10 |
| Loans and advances | 9 | - | 128.08 | 2,400.00 | 2,528.08 |
| Other financial assets | 10 | - | - | 165.63 | 165.63 |
| **Total** | | 1,155.70 | 192.89 | 4,373.92 | 5,722.51 |
| **Financial liabilities** | | | | | |
| Borrowings | 18 | - | - | 0.07 | 0.07 |
| Trade payables | 20 | - | - | 631.20 | 631.20 |
| Derivatives instruments not designated as hedge | 21 | - | 0.24 | - | 0.24 |
| Lease liability | 39 | - | - | 1.70 | 1.70 |
| Other financial liabilities | 21 | - | - | 421.71 | 421.71 |
| **Total** | | - | 0.24 | 1,054.68 | 1,054.92 |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ 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 | 14 | - | - | 137.17 | 137.17 |
| Other bank balances | 15 | - | - | 1,313.56 | 1,313.56 |
| Investments in equity shares (other than investment in subsidiary & associate entity) | 8 | 779.89 | - | - | 779.89 |
| Investments in unquoted equity shares of subsidiary entity and associate entity | 8 | - | - | 1.25 | 1.25 |
| Investments in unquoted debentures, Govt Securities & State development Loans | 8 | - | 72.23 | - | 72.23 |
| Trade receivables | 11 | - | - | 509.55 | 509.55 |
| Loans and advances | 9 | - | 126.04 | 400.00 | 526.04 |
| Other financial assets | 10 | - | 21.04 | 52.15 | 73.19 |
| **Total** | | 779.89 | 219.31 | 2,413.68 | 3,412.88 |
| **Financial liabilities** | | | | | |
| Borrowings | 18 | - | - | 2.16 | 2.16 |
| Trade payables | 20 | - | - | 399.45 | 399.45 |
| Lease Liability | 39 | - | - | 1.90 | 1.90 |
| Derivatives instruments not designated as hedge | 21 | - | 1.11 | - | 1.11 |
| Other financial liabilities | 21 | - | - | 311.12 | 311.12 |
| **Total** | | - | 1.11 | 714.63 | 715.74 |

### 50.2 : Fair value measurements:

**a) Quantitative disclosures of fair value measurement hierarchy for financial assets and financial liabilities**

The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities:

(₹ Crores)

| Particulars | As at March 31, 2022 | | | | As at March 31, 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 investments measured at FVTOCI (refer Note 8) | **499.98** | **-** | **-** | **499.98** | 354.98 | - | - | 354.98 |
| Investment in unquoted equity investments measured at FVTOCI (refer Note 8) | **-** | **-** | **655.72** | **655.72** | - | - | 424.91 | 424.91 |
| Investments in unquoted debentures, Govt Securities & State development Loans (refer Note 8) | **-** | **-** | **64.81** | **64.81** | - | - | 72.23 | 72.23 |
| Loans and advances (refer Note 9) | **-** | **-** | **128.08** | **128.08** | - | - | 126.04 | 126.04 |
| **Total** | **499.98** | **-** | **848.61** | **1,348.59** | 354.98 | - | 623.18 | 978.16 |
| **Financial liabilities measured at fair value:** | | | | | | | | |
| Derivative instruments (refer Note 21) | **-** | **0.24** | **-** | **0.24** | - | 1.11 | - | 1.11 |
| **Total** | **-** | **0.24** | **-** | **0.24** | - | 1.11 | - | 1.11 |
| **Asset for which fair values are disclosed :** | | | | | | | | |
| Investment properties (refer Note 6) | **-** | **-** | **85.20** | **85.20** | - | - | 85.20 | 85.20 |

*The fair value of the quoted equity investments are derived from quoted market prices in active market.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**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, 2022 and March 31, 2021 are as shown below:

| Particulars | Valuation Technique | Significant unobservable input | Range (weighted average) | Sensitivity of the input to fair value |
|---|---|---|---|---|
| FVTOCI assets in unquoted equity shares (Gujarat State Petroleum Corporation Limited) | Market Approach - Comparable Companies Multiple("CCM") Method | Gas marketing business | 10% increase (decrease) in the Gas marketing business would result in increase / (decrease) in fair value as of March 31, 2022 : ₹ 1.39 crores (₹ 1.39 crores).<br>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). | |
| 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 2022 : 25% - 35% (30%)<br>31 March 2021 : 15% - 25% (20%) | 5% increase / decrease in the market multiple discount would result in decrease / (increase) in fair value as of March 31, 2022 : ₹ 42.68 crores (₹ 43.41 crores)<br>{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)} |
| | | EBITDA (₹ Crores) | 31 March 2022 : ₹ 341.98 crores - ₹ 377.98 crores (₹ 359.98 crores)<br>31 March 2021 : ₹ 315.37 crores - ₹ 348.57 crores (₹ 331.97 crores) | ₹ 18.00 crores increase / decrease in the EBITDA would result in increase / (decrease) in fair value as of March 31, 2022 : ₹ 26.31 crores (₹ 25.39 crores)<br>{₹ 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)} |
| FVTOCI assets in unquoted equity shares (Gujarat Venture Finance Limited) | Cost Approach - Net asset value | Share holders fund (₹ Crores) | 31 March 2022 : ₹ 36.20 crores - ₹ 40.00 crores (₹ 38.10 crores)<br>31 March 2021 : ₹ 25.20 crores - ₹ 27.80 crores (₹ 26.50 crores) | ₹ 1.90 crores increase / decrease in the shareholders fund would result in increase / (decrease) in fair value as of March 31, 2022 by ₹ 0.03 crore (₹ 0.03 crore)<br>{₹ 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 crore (₹ 0.02 crore)} |
| | | Discount to Book Value | 31 March 2022 : 15% - 25% (20%)<br>31 March 2021 : 15% - 25% (20%) | 5% increase / decrease in the discount to book value would result in decrease / (increase) in fair value as of March 31, 2022 : ₹ 0.03 crore (₹ 0.04 crore).<br>{5% increase / decrease in the discount to book value would result in decrease / (increase) in fair value as of March 31, 2021 : ₹ 0.02 crore (₹ 0.02 crore)} |
| FVTOCI assets in unquoted equity shares (Bharuch Enviro Infrastructure Limited) | Market Approach - Comparable companies | Market Multiple Discount | 31 March 2022 : 25% - 35% (30%)<br>31 March 2021 : 15% - 25% (20%) | 5% increase / decrease in the market multiple discount would result in decrease / (increase) in fair value as of March 31, 2022 : ₹ 0.54 crore (₹ 0.50 crore) {5% increase / decrease in the market multiple discount would result in decrease / (increase) in fair value as of March 31, 2021 : ₹ 0.34 crore (₹ 0.34 crore)} |
| | | Consolidated PAT (₹ Crores) | 31 March 2022 : ₹ 67.50 crores - ₹ 74.70 crores (₹ 71.10 crores)<br>31 March 2021 : ₹ 53.70 crores - ₹ 59.30 crores (₹ 56.50 crores) | ₹ 3.60 crores increase / decrease in the consolidated PAT would result in increase / (decrease) in fair value as of March 31, 2022 : ₹ 0.36 crore (₹ 0.37 crore).<br>{₹ 2.80 crores increase / decrease in the consolidated PAT would result in increase / (decrease) in fair value as of March 31, 2021 : ₹ 0.27 crore (₹ 0.27 crore)} |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

| Particulars | Valuation Technique | Significant unobservable input | Range (weighted average) | Sensitivity of the input to fair value |
|---|---|---|---|---|
| FVTOCI assets in unquoted equity shares (Bharuch Dahej Railway Company Limited) | Cost Approach - Net asset value | Discount to Book Value | 31 March 2022 : 20% - 30% (25%) 31 March 2021 : 20% - 30% (25%) | 5% increase / decrease in the discount to book value would result in decrease / (increase) in fair value as of March 31, 2022 : ₹ 0.15 crore (₹ 0.99 crore) {5% increase / decrease in the discount to book value would result in decrease / (increase) in fair value as of March 31, 2021 : ₹ 0.58 crore (₹ 0.58 crore)} |
| | | Share holders fund (₹ Crores) | 31 March 2022 : ₹ 163.30 crores - ₹ 180.50 crores (₹ 171.90 crores) 31 March 2021 : ₹ 127.30 crores - ₹ 140.70 crores (₹ 134 crores) | ₹ 8.60 crores increase / decrease in the shareholders fund would result in increase / (decrease) in fair value as of March 31, 2022 by ₹ 1.16 crores (₹ 0.32 crore). {₹ 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 crore (₹ 0.78 crore)}. |
| FVTOCI assets in unquoted equity shares (Ecophos GNFC India Private Limited) | As on March 31, 2020, the parent Company M/s EcoPhos S.A. holding 85% in the entity has applied for bankruptcy hence the Company has Fair valued the investment as ₹ 1 (Refer Note 8). During the year there is no change in bankruptcy status. | | | |

**c) Financial Instrument measured at amortised cost**

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

### 50.3 : Financial Risk objective and policies:

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, deposits, investments, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds FVTOCI & FVTPL investments and enters into derivative transactions.

In the ordinary course of business, the Company is mainly exposed to risks resulting from exchange rate fluctuation (currency risk), interest rate movements (interest rate risk) collectively referred as Market Risk, Credit Risk, Liquidity Risk and other price risks such as equity price risk and commodity price risk. The Company's senior management oversees the management of these risks. It manages its exposure to these risks through derivative financial instruments by hedging transactions as required. It uses derivative instruments such as foreign currency forward contract to manage currency risks. These derivative instruments reduce the impact of both favourable and unfavourable fluctuations.

The Company's risk management activities are subject to the management, direction and control of the management of the Company under the guideline of the Board of Directors of the Company. The management ensures appropriate financial risk governance framework for the Company through appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The decision of whether and when to execute derivative financial instruments along with its tenure can vary from period to period depending on market conditions and the relative costs of the instruments. The tenure is linked to the timing of the underlying 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.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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, 2022 and March 31, 2021.

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, 2022. 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, 2022 and March 31, 2021.

**(i) Interest rate risk**

The Company is exposed to changes in market interest rates due to financing, investing and cash management activities. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term debt obligations.

**(ii) Foreign currency risk**

Exchange rate movements, particularly the United States Dollar (USD) and Euro (EUR) against Indian Rupee (INR), have an impact on the Company's operating results. The Company manages its foreign currency risk by entering into various foreign exchange contracts to mitigate the risk arising out of foreign exchange rate movement on trade payables. Further, to hedge foreign currency future transactions in respect of which firm commitment are made or which are highly probable forecast transactions (for instance, foreign exchange denominated income) the Company has entered into foreign currency forward contracts as per the policy of the Company.

The details of exposures hedged using forward contracts and the details of unhedged exposures are given as part of Note 49.

The Company is mainly exposed to changes in USD and EURO. The below table demonstrates the sensitivity to a 5% increase or decrease in the respective foreign currency rates against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Company as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate.

**(₹ Crores)**

| Particulars | Impact on Profit before tax For the year ended | | Impact on Pre-tax Equity For the year ended | |
|---|---|---|---|---|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| **USD Sensitivity** | | | | |
| RUPEES / USD – Increase by 5% | **(0.40)** | (0.13) | **(0.40)** | (0.13) |
| RUPEES / USD – Decrease by 5% | **0.40** | 0.13 | **0.40** | 0.13 |
| **EURO Sensitivity** | | | | |
| RUPEES / EURO – Increase by 5% | **(0.32)** | (0.08) | **(0.32)** | (0.08) |
| RUPEES / EURO – Decrease by 5% | **0.32** | 0.08 | **0.32** | 0.08 |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**(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 ₹ 655.72 crores. Sensitivity analyses of these investments have been provided in Note 50.2(b).

At the reporting date, the exposure to listed equity securities at fair value was ₹ 499.98 crores. A decrease of 5% on the BSE market price could have an impact of approximately ₹ 25.00 crores on the OCI or equity attributable to the Group. An increase of 5% in the value of the listed securities would also impact OCI and equity. These changes would not have an effect on profit or loss.

**b) Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and other financial assets) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive evaluation and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data.

Credit risk from balances with banks and non-banking finance companies is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's management. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

**Trade receivables**

The Company's receivables can be classified into two categories, one is from the customers/ dealers in the market and second one is from the central and state Government in the form of subsidy. As far as Government portion of receivables is concerned, credit risk is Nil except where there are uncertainties due to non-acknowledgement of claims. In respect of market receivables from the customers/ dealers, the Company extends credit to customers in normal course of business. 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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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 ₹ 18.61 crores and ₹ 22.58 crores as at 31st March, 2022 and 31st March, 2021 respectively. (Refer Note No. 11 for Trade Receivables outstanding).

The Company follows a 'simplified approach' (i.e. based on lifetime ECL) for recognition of impairment loss allowance on Trade receivables, other than those receivables from the Government of India. For the purpose of measuring lifetime ECL allowance for trade receivables, the Company estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience in respect of certain categories of the customers. Individual trade receivables are written off when management deems them not to be collectible

**c) Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and bank balances. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analyses derivative and non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(₹ Crores)

| Particulars | Refer Note | On Demand | Less than 1 year | 1 to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|
| **As at March 31, 2022** | | | | | | |
| Borrowings | **19** | **0.07** | **-** | **-** | **-** | **0.07** |
| Trade payables | **20** | **-** | **631.20** | **-** | **-** | **631.20** |
| Lease liability | **39** | **-** | **0.73** | **0.80** | **0.17** | **1.70** |
| Derivatives Instruments not designated as hedge | **21** | **-** | **0.24** | **-** | **-** | **0.24** |
| Other financial liabilities | **21** | **-** | **416.59** | **5.12** | **-** | **421.71** |
| **Total** | | **0.07** | **1,048.76** | **5.92** | **0.17** | **1,054.92** |
| **As at March 31, 2021** | | | | | | |
| Borrowings | 19 | 2.16 | - | - | - | 2.16 |
| Trade payables | 20 | - | 399.45 | - | - | 399.45 |
| Lease liability | 39 | - | 0.85 | 0.86 | 0.19 | 1.90 |
| Derivatives Instruments not designated as hedge | 21 | - | 1.11 | - | - | 1.11 |
| Other financial liabilities | 21 | - | 306.00 | 5.12 | - | 311.12 |
| **Total** | | 2.16 | 707.41 | 5.98 | 0.19 | 715.74 |

**50.4 : Capital Management:**

For the purposes of the Company's capital management, capital includes issued capital and all other equity. The primary objective of the Company's capital management is to maximize shareholder value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Company monitors capital using gearing ratio, which is net debt (total debt less cash and bank balance) divided by total capital plus net debt.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Total Borrowings (refer note 19) | **0.07** | 2.16 |
| Less: Cash and bank balances (refer Note 14 and 15) | **1,181.94** | 1,450.73 |
| **Net Debt (A)** | **(1,181.87)** | (1,448.57) |
| **Total Equity (B)** | **7,898.84** | 5,983.67 |
| **Total Equity and Net Debt (C = A + B)** | **6,716.97** | 4,535.10 |
| **Gearing ratio** | **-** | - |

Since net debt is negative, same is considered as zero.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period. No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2022 and March 31, 2021.

**Note 51 : Additional disclosures required as per Schedule III to the Companies Act, 2013;**

**(i)** The Company has not traded or invested in Crypto currecy or Virtual Currecny during the year ended March 31, 2022 and March 31, 2021.

**(ii)** The Company does not have any Benami property and no proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder, as at March 31, 2022 and March 31, 2021.

**(iii)** The Company is not a declared wilful defaulter by any bank or financial Institution or other lender, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India, during the year ended March 31, 2022 and March 31, 2021.

**(iv)** The Company did not have any transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the year ended March 31, 2022 and March 31, 2021.

**(v)** There have been no transactions which have not been recorded in the books of accounts, that have been surrendered or disclosed as income during the year ended March 31, 2022 and March 31, 2021, in the tax assessments under the Income Tax Act, 1961. There have been no previously unrecorded income and related assets which were to be properly recorded in the books of account during the year ended March 31, 2022 and 31 March 31, 2021.

**(vi)** The Company has taken borrowings from banks and utilised them for the specific purpose for which they were taken as at the Balance sheet date. Quarterly statements of current assets filed by the Company with Bank are in agreement with the books of accounts of the Company for the respective periods, except for the following :

(₹ Crores)

| Quarter ended | Nature of current Assets / Liabilities where differences were observed | Amount disclosed as per quarterly return / statement | Amount as per books of accounts | Amount of Difference | Reasons for material difference |
|---|---|---|---|---|---|
| June 30, 2021 | Inventory - Finished goods | 238.37 | 237.65 | 0.72 | Not material difference |
| | Trade receivables | 599.37 | 591.63 | 7.74 | Note - 1 |
| | Advances to suppliers | 36.85 | 35.20 | 1.65 | Note - 2 |
| | Trade payable | 440.93 | 471.80 | (30.87) | Note - 3 |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ Crores)

| Quarter ended | Nature of current Assets / Liabilities where differences were observed | Amount disclosed as per quarterly return / statement | Amount as per books of accounts | Amount of Difference | Reasons for material difference |
|---|---|---|---|---|---|
| September 30, 2021 | Trade receivables | 658.33 | 652.13 | 6.20 | Note - 1 |
| | Advances to suppliers | 59.25 | 57.60 | 1.65 | Note - 2 |
| | Trade payable | 452.18 | 461.09 | (8.91) | Note - 3 |
| December 31, 2021 | Advances to suppliers | 43.99 | 42.35 | 1.64 | Note - 2 |
| | Trade payable | 409.99 | 449.20 | (39.21) | Note - 3 |
| March 31, 2022 | Inventory - raw material | 346.81 | 362.44 | (15.63) | Note - 4 |
| | Inventory - stores & spares | 503.97 | 495.91 | 8.06 | Note - 5 |
| | Inventory - finished goods | 77.53 | 80.04 | (2.51) | Note - 6 |
| | Trade receivables | 610.20 | 625.10 | (14.90) | Note - 7 |
| | Advances to suppliers | 64.33 | 62.69 | 1.64 | Note - 2 |
| | Trade payable | 612.38 | 631.20 | (18.82) | Note - 8 |

**Notes:**

Note-1 : Reclassification adjustments with advances from customers not considered in returns / statements submitted to bank.

Note-2 : The amount disclosed as per quarterly returns / statements reconciles with gross book balance without adjustment of provision

Note-3 : Accrued expenses / reclassification adjustments not considered in returns / statements submitted to bank.

Note-4 : In transit inventory related to oil was not considered in returns / statements submitted to bank.

Note-5 : Provision for excess inventory was recognised as a subsequent event, hence not considered in returns / statements submitted to bank.

Note-6 : Inventory valuation impact was recognised subsequent to submission of return / statement to bank, hence not considered in returns / statements submitted to bank.

Note-7 : Differential freight subsidy recognised as a subsequent event, hence not considered in returns / statements submitted to bank.

Note-8 : Accrued expenses / reclassification adjustments and liability for in transit inventory related to oil not considered in returns / statements submitted to bank.

**(vii)** Based on the Ministry of Company Affairs (MCA) portal, charges aggregating to ₹ 153.29 crores are appearing as "Open" as of March 31, 2022 which were executed with Banks (the lender) in relation to securing repayment of loan facility related to year 1979 to 2009. The Company is in process to obtain the No Objection Certificates from the Banks. Once the same is received, the Company will file the "Satisfaction of Charge" with the Registrar of Companies (ROC).

**(viii) Utilisation of borrowed funds and share premium**

(I) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(II) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

**Note 52 : Code on Social Security**

The Indian Parliament has approved & the President has accorded the assent the Code on Social Security, 2020 ('Code') in September, 2020. The Code might impact the contributions by the Company towards Provident Fund, Gratuity and other employment and post-employment employee benefits. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record the impact, if any, in the period in which the Code becomes effective.

**Note 53 :**

Balances of certain trade receivables, advances given and trade payables are subject to confirmation/ reconciliation, if any. The management does not expect any material difference affecting The financial statements on such reconciliation / adjustments.

**Note 54 : Event occurred after the Balance Sheet Date:**

The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of May 09, 2022 there were no material subsequent events to be recognized or reported that are not already previously disclosed.

**Note 55 :**

The previous year's figures have been regrouped / reclassified, wherever necessary, to conform to the figures of the current year presentation. Amounts for the year ended and as at March 31, 2021 were audited by previous auditor M/s S R B C & CO LLP.

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

**D. V. Parikh**
Executive Director & CFO

**A. C. Shah**
Company Secretary

**Shri Pankaj Joshi, IAS**
Managing Director
(DIN - 01532892)

**Shri Pankaj Kumar, IAS**
Chairman
(DIN - 00267528)

Place : Gandhinagar
Date : May 09, 2022

AS PER OUR REPORT OF EVEN DATE
For **Suresh Surana & Associates LLP**
Chartered Accountants
(Firm Registration No.: 121750W/W-100010)

**Ramesh Gupta**
Partner
Membership No. 102306

Place : Mumbai
Date : May 09, 2022

# INDEPENDENT AUDITORS' REPORT

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

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of Gujarat Narmada Valley Fertilizers & Chemicals Limited (hereinafter referred to as "the Holding Company" or "the Company"), and its associate, comprising of the consolidated Balance Sheet as at March 31, 2022, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Statement of Changes in Equity and the consolidated Cash Flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standard prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules 2015 as amended (Ind AS) and the accounting principles generally accepted in India, of the state of affairs of Company and its associate as at March 31, 2022, of consolidated profit, consolidated total comprehensive income, consolidated statement of changes in equity and its consolidated cash flows for the year ended on that date.

### Basis for Opinion

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

### Emphasis of Matter

We draw attention to note 43(B) to the consolidated financial statements regarding a matter relating to demand of ₹ 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 assessment in consultation with Senior Advocates of the said demand, the Company is of the view that no provision is required to be made at this point of time in respect of above matter.

Our opinion is not modified in respect of above matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the Financial Year ended March 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures performed by us, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| **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.<br>During the year ended March 31, 2022, the Company has recognized Urea Subsidy Income of ₹ 1,658.90 crores and has outstanding Urea subsidy receivables of ₹ 460.13 crores.<br>The measurement of Urea Subsidy Income involves application of relevant regulatory pronouncements and notifications, understanding of applicable energy norms, and management estimates / judgments 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 judgments, arising from notification by the Department of Fertilizers.<br>Accordingly, recognition and measurement of subsidy income is determined to be a key audit matter for our audit of consolidated financial statements. | Our audit procedures included the following:<br>• We assessed the Company's revenue recognition policy for Urea Subsidy Income.<br>• 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.<br>• 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.<br>• 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.<br>• We reviewed follow-ups made by the Company with the Department of Fertilizers, Government of India and management assessment of recoverability of aged balances.<br>• We tested the collections made during the year as well as subsequent period against such subsidy income recognized by the Company.<br>• We assessed the appropriateness of disclosures in the consolidated financial statements in respect of Urea Subsidy Income. |
| **Valuation of Inventories, including Stores and Spares** | |
| The Company has total inventory of ₹ 976.97 crores which comprises of raw material inventory ₹ 362.44 crores, work-in-progress inventory ₹ 38.58 crores, finished goods inventory ₹ 80.04 crores, trading inventory ₹ 14.82 crores and stores and spares inventory (including coal inventory of ₹ 96.28 crores) ₹ 481.09 crores (net of provision for excess inventory) as at March 31, 2022.<br>The Company has created a provision of ₹ 21.06 crores against inventory of stores and spares based on evaluation of its usability including for aged items. | Our audit procedures included the following:<br>• We reviewed the management policy for physical verification and the documents related to management's physical count procedure actually followed during the year.<br>• We understood the management process for assessment of value in use/ net realisable value of various class of inventories and making provision for excess inventory.<br>• We reviewed the management's judgment applied in estimating the value of excess inventory for stores & spares, taking into consideration management assessment of the present and future condition of the inventory. |

| | |
|---|---|
| Accordingly, appropriateness of the estimates used to identify the valuation of inventories, including stores and spares is determined to be a key audit matter for our audit of consolidated financial statements. | • 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.<br>• We have performed Physical verification of inventories as at March 31, 2022. Our procedures did not identify any material exceptions. |
| **Evaluation of uncertain tax demand positions and other legal litigations** | |
| The Company has material uncertain tax demand positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes and significant open legal proceedings under arbitration and courts for various matters with its contractors / vendors and in Government departments, continuing from earlier years which are part of Contingent Liability.<br>Due to complexity involved in these litigation matters, management's judgment regarding recognition and measurement of provisions for these legal proceedings is inherently uncertain and might change over time as the outcomes of the legal cases are determined. | Our audit procedures included the following:<br>• We have obtained details of completed tax assessments and demands as at 31 March 2022 from the management.<br>• We have inquired with the management including in- house legal experts.<br>• We have reviewed the minutes of the meetings and those charged with governance, and correspondences between the Company and the external legal experts and other evidences to corroborate management assessment in respect of disputed tax matters.<br>• We have assessed the management's position through discussions with the in-house legal expert and external legal opinions obtained by the Company (where considered necessary) on both, the probability of success in the aforesaid cases, and the magnitude of any potential loss.<br>• We have discussed with the management on the development in the litigations during the year ended 31 March 2022 and provision for contingencies of ₹ 55.70 crores made during the FY 2021-22. |

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

When we read the Other Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 (Revised) 'The Auditor's responsibilities Relating to Other Information'.

## Responsibilities of Management for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Company and its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended including the Companies (Indian Accounting Standards) Amendment Rules, 2020.

The respective Board of Directors of the Company and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and of its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

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

The respective Board of Directors of the Company and of its associate are also responsible for overseeing the financial reporting process of the Company and of its associate.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to these financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and of its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Company and its associate of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the Financial Year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

a) The accompanying consolidated financial statements include the Company's share of net profit of ₹6.66 crores for the year ended March 31, 2022 in respect of an associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditor whose report have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to amounts and disclosures included in respect of the associate, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on the reports of the other auditor.

   Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor.

b) The consolidated financial statements of the Company for the year ended 31 March 2021 have been audited by the predecessor auditors. The report of the predecessor auditors dated 17 May 2021 expressed an unmodified opinion. Our opinion is not modified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

1) As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable, that:

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

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept by the Company so far as it appears from our examination of those books;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including of Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flows Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended including the Companies (Indian Accounting Standards) Amendment Rules, 2020;

(e) On the basis of the written representations received from the directors of the Company as on March 31, 2022 taken on record by the Board of Directors of the Company and based the reports of the statutory auditors in respect of its associate, none of the directors of the Company and its associate Company, incorporated in India, is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Company and of its associate incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report;

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

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the Company to its directors during the year is in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of audited financial statements and audited financial statements furnished to us by the management in respect of the associate, as noted in the 'Other matter' paragraph above:

i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Company in its consolidated financial statements - Refer Note 36 (A) to the consolidated financial statements;

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 21 to the consolidated financial statements in respect of such items as it relates to the Company and its associate;

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

iv. (a) The respective managements of the Company and of its associate has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company and its associate to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company and its associate ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective managements of Company and its associate has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company and its associate from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company and its associate shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. (a) The final dividend proposed in the previous year, declared and paid by the Company and its associate during the year is in accordance with Section 123 of the Act, as applicable.

(b) The Board of Directors of the Company and its associate have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

2) In our opinion and according to the information and explanations given to us, following Holding Company and Associate company incorporated in India and included in the consolidated financial statements, has qualifications or adverse remarks given by the auditor in his report under the Companies (Auditor's Report) Order, 2020 (CARO):

| Name of the Company | CIN | Clause number of the CARO report |
|---|---|---|
| Gujarat Narmada Valley Fertilizers & Chemicals Limited | L24110GJ1976PLC002903 | 3(i)(c), 3(ii)(b), (vii)(b) |
| Gujarat Green Revolution Company Limited | U63020GJ1998PLC035039 | 3(i)(c), 3(vii)(b) and 3(xx)(b) |

**For Suresh Surana & Associates LLP**
Chartered Accountants
Firm's Reg. No. 121750W/W-100010

**Ramesh Gupta**
Partner
Membership No.: 102306
UDIN: 22102306AIQUJK5046

Place of Signature: Mumbai
Date: May 9, 2022

## Annexure 1 to the Independent Auditor's Report

**(Referred to in paragraph 1(f) under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date)**

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

In conjunction with our audit of the consolidated financial statements of the Gujarat Narmada Valley Fertilizers & Chemicals Limited (hereinafter referred to as "the Holding Company" or "the Company") as of and for the year ended 31 March 2022, we have audited the internal financial controls over financial reporting with reference to the financial statements of the Company and its associate which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Companies Act, 2013, as amended, to the extent applicable to an audit of internal financial controls, both, issued by Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

### Meaning of Internal Financial Controls Over Financial Reporting with reference to these Consolidated Financial Statements

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

## Inherent Limitations of Internal Financial Controls over financial reporting with reference to these Consolidated Financial Statements

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reporting of other auditors as mentioned in "Other Matter" paragraph below, the Company and its associate, which are the companies incorporated in India have, in all material respects, maintained adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31,2022, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to an associate, which is incorporated in India, is based on the corresponding report of the auditor of such associate incorporated in India.

**For Suresh Surana & Associates LLP**
Chartered Accountants
Firm's Reg. No. 121750W/W-100010

**Ramesh Gupta**
Partner
Membership No.: 102306
UDIN: 22102306AIQUJK5046

Place of Signature: Mumbai
Date: May 9, 2022

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## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2022

(₹ Crores)

| Particulars | Notes | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **I. Non-current assets** | | | |
| (a) Property, plant and equipment | 4 | **3,539.37** | 3,679.72 |
| (b) Capital work-in-progress | 5 | **137.72** | 160.90 |
| (c) Investment property | 6 | **17.28** | 17.70 |
| (d) Right of use asset | 39 | **1.63** | 1.83 |
| (e) Intangible assets | 7 | **19.96** | 21.10 |
| (f) Financial assets | | | |
| (i) Investments | 8 | **1,248.14** | 865.67 |
| (ii) Loans and advances | 9 | **660.93** | 107.85 |
| (iii) Other financial assets | 10 | **114.12** | 14.85 |
| (g) Income tax assets (net) | 26 | **9.77** | 9.77 |
| (h) Other non-current assets | 12 | **91.10** | 73.28 |
| | | **5,840.02** | 4,952.67 |
| **II. Current assets** | | | |
| (a) Inventories | 13 | **976.97** | 813.34 |
| (b) Financial assets | | | |
| (i) Investments | 8 | **64.81** | 72.23 |
| (ii) Trade receivables | 11 | **625.10** | 509.55 |
| (iii) Cash and cash equivalents | 14 | **72.71** | 137.17 |
| (iv) Other bank balances | 15 | **1,109.23** | 1,313.56 |
| (v) Loans and advances | 9 | **1,867.15** | 418.19 |
| (vi) Other financial assets | 10 | **51.51** | 58.34 |
| (c) Other current assets | 16 | **110.31** | 109.76 |
| | | **4,877.79** | 3,432.14 |
| **Total Assets** | | **10,717.81** | 8,384.81 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity share capital | 17 | **155.42** | 155.42 |
| (b) Other equity | 18 | **7,834.61** | 5,912.78 |
| | | **7,990.03** | 6,068.20 |
| **Liabilities** | | | |
| **I. Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Lease liabilities | 39 | **0.97** | 1.05 |
| (ii) Other financial liabilities | 20 | **5.12** | 5.12 |
| (b) Provisions | 22 | **310.24** | 260.23 |
| (c) Deferred tax liabilities (net) | 26 | **422.25** | 390.91 |
| (d) Government grants (deferred income) | 23 | **637.79** | 698.51 |
| | | **1,376.37** | 1,355.82 |
| **II. Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 19 | **0.07** | 2.16 |
| (ii) Lease liabilities | 39 | **0.73** | 0.85 |
| (iii) Trade payables: | 20 | | |
| (A) Total outstanding dues of micro and small enterprises | | **28.14** | 23.22 |
| (B) Total outstanding dues of creditors other than micro and small enterprises | | **603.06** | 376.23 |
| (iv) Other financial liabilities | 21 | **416.83** | 307.11 |
| (b) Other current liabilities | 24 | **161.56** | 108.56 |
| (c) Provisions | 25 | **38.03** | 34.92 |
| (d) Government grants (deferred income) | 23 | **66.89** | 66.58 |
| (e) Current tax liabilities (net) | 26 | **36.10** | 41.16 |
| | | **1,351.41** | 960.79 |
| **Total Equity and Liabilities** | | **10,717.81** | 8,384.81 |

**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**
Executive Director & CFO

**A. C. Shah**
Company Secretary

**Shri Pankaj Joshi, IAS**
Managing Director
(DIN - 01532892)

**Shri Pankaj Kumar, IAS**
Chairman
(DIN - 00267528)

Place : Gandhinagar
Date : May 09, 2022

AS PER OUR REPORT OF EVEN DATE
For **Suresh Surana & Associates LLP**
Chartered Accountants
(Firm Registration No.: 121750W/W-100010)

**Ramesh Gupta**
Partner
Membership No. 102306

Place : Mumbai
Date : May 09, 2022

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

(₹ Crores)

| Particulars | Notes | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 27 | **8,642.29** | 5,128.69 |
| Other income | 28 | **209.42** | 237.23 |
| **Total** | | **8,851.71** | 5,365.92 |
| **Expenses** | | | |
| Cost of raw materials consumed | 29 | **3,899.09** | 2,224.83 |
| Purchase of traded goods | | **38.80** | 13.57 |
| Purchase of goods and services - IT division | | **26.47** | 21.19 |
| Decrease / (Increase) in inventories of finished goods, work-in-progress and traded goods | 30 | **18.83** | 68.53 |
| Power, fuel and other utilities | | **1,116.59** | 767.78 |
| Employee benefits expense | 31 | **467.93** | 451.47 |
| Finance costs | 32 | **3.46** | 19.95 |
| Depreciation and amortisation | 33 | **291.69** | 272.30 |
| Other expenses | 34 | **690.80** | 577.99 |
| **Total** | | **6,553.66** | 4,417.61 |
| **Profit before tax** | | **2,298.05** | 948.31 |
| **Tax expense / (credit)** | | | |
| Current tax | | **615.66** | 277.96 |
| Tax adjustment for earlier years short / (excess) | | **2.14** | - |
| Excess tax provision write back of earlier years | | **-** | (0.09) |
| Deferred tax (credit) | | **(23.50)** | (18.77) |
| **Total tax expense / (credit)** | 26 | **594.30** | 259.10 |
| **Profit for the year** | | **1,703.75** | 689.21 |
| Share in Profit of Associate | | **6.66** | 7.74 |
| **Profit for the year** | (A) | **1,710.41** | 696.95 |
| **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 | | **19.76** | 16.92 |
| Income tax effect (charge) / credit | 26 | **(4.97)** | (5.91) |
| Net gain / (loss) on FVTOCI equity investments | | **375.81** | 185.20 |
| Income tax effect (charge) / credit | 26 | **(54.84)** | (46.54) |
| **Net other comprehensive income / (expense) not to be reclassified to profit or loss in subsequent periods** | | **335.76** | 149.67 |
| **Total other comprehensive income / (expense) for the year, net of tax** | (B) | **335.76** | 149.67 |
| **Total comprehensive income for the year, net of tax** | (A)+(B) | **2,046.17** | 846.62 |
| **Earnings per Share - (Face value of ₹ 10 each)Basic and Diluted (in ₹)** | 35 | **110.05** | 44.84 |

**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**<br>Executive Director & CFO | **A. C. Shah**<br>Company Secretary | **Shri Pankaj Joshi, IAS**<br>Managing Director<br>(DIN - 01532892) | **Shri Pankaj Kumar, IAS**<br>Chairman<br>(DIN - 00267528) |

Place : Gandhinagar
Date : May 09, 2022

AS PER OUR REPORT OF EVEN DATE
For **Suresh Surana & Associates LLP**
Chartered Accountants
(Firm Registration No.: 121750W/W-100010)

**Ramesh Gupta**
Partner
Membership No. 102306

Place : Mumbai
Date : May 09, 2022

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

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

| Particulars | Note | Amount |
|---|---|---|
| **Balance as at April 01, 2020** | | **155.42** |
| Changes in Equity Share Capital due to prior period errors | 17 | - |
| **Restated balance at the April 01, 2020** | | **155.42** |
| Changes in equity share capital during the year | 17 | - |
| **Balance as at March 31, 2021** | | **155.42** |
| Changes in Equity Share Capital due to prior period errors | 17 | - |
| **Restated balance at the March 31, 2021** | | **155.42** |
| Changes in equity share capital during the year | 17 | - |
| **Balance as at March 31, 2022** | | **155.42** |

**(B) Other equity** (₹ Crores)

| Particulars | Reserve and surplus | | | | Equity instruments at fair value through other comprehensive income | Total |
|---|---|---|---|---|---|---|
| | Capital reserve | Securities premium | General reserve | Retained earnings | | |
| | Note 18.1 | Note 18.1 | Note 18.1 | Note 18.1 | Note 18.2 | |
| **Balance as at April 01, 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 |
| loss transferred from Other Comprehensive Income (refer sub note (a) to Note 18.2) | - | - | - | (61.26) | 61.26 | - |
| Dividends (refer Note 18.3) | - | - | - | (77.71) | - | (77.71) |
| **Balance as at March 31, 2021** | **0.64** | **313.31** | **2,479.76** | **2,565.72** | **553.35** | **5,912.78** |
| Profit for the year | - | - | - | 1,710.41 | - | 1,710.41 |
| Other comprehensive income for the year | - | - | - | 14.79 | 320.97 | 335.76 |
| Total comprehensive income for the year | - | - | - | 1,725.20 | 320.97 | 2,046.17 |
| Dividends (refer Note 18.3) | - | - | - | (124.34) | - | (124.34) |
| **Balance as at March 31, 2022** | **0.64** | **313.31** | **2,479.76** | **4,166.58** | **874.32** | **7,834.61** |

**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**
Executive Director & CFO

**A. C. Shah**
Company Secretary

**Shri Pankaj Joshi, IAS**
Managing Director
(DIN - 01532892)

**Shri Pankaj Kumar, IAS**
Chairman
(DIN - 00267528)

Place : Gandhinagar
Date : May 09, 2022

AS PER OUR REPORT OF EVEN DATE
For **Suresh Surana & Associates LLP**
Chartered Accountants
(Firm Registration No.: 121750W/W-100010)

**Ramesh Gupta**
Partner
Membership No. 102306

Place : Mumbai
Date : May 09, 2022

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2022

(₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Cash flow from operating activities** | | |
| **Profit before tax as per statement of profit and loss** | **2,298.05** | 948.31 |
| **Adjustments for:** | | |
| Loss on sale / discard / write off of property, plant and equipment (net) | **0.94** | 1.50 |
| (Gain) on Lease modification/ termination | **-** | (0.02) |
| (Gain) on sale of investments (net) | **(0.12)** | (43.88) |
| Depreciation and amortization | **291.69** | 272.30 |
| Interest expense on employee loan fair valuation | **1.78** | 6.61 |
| Interest income | **(119.17)** | (85.94) |
| Dividend income | **(4.85)** | (11.80) |
| Amortization of grant income | **(61.27)** | (62.65) |
| Fair valuation (gain) / loss on investments measured at FVTPL (net) | **(0.54)** | 0.92 |
| Unclaimed liabilities / excess provision for doubtful debt written back | **(6.00)** | (6.04) |
| Unrealised foreign exchange fluctuation loss | **0.91** | 3.96 |
| Finance costs | **1.66** | 18.43 |
| Premium on forward contracts | **5.61** | 4.45 |
| Provision / Write off for excess Inventory | **13.12** | 8.30 |
| Provision for contingencies | **55.70** | - |
| Advances / Bad debts written off | **0.32** | 0.72 |
| Provision for doubtful debts / advances (net) | **7.20** | 17.88 |
| **Operating profit before working capital changes** | **2,485.03** | 1,073.05 |
| **Movements in working capital :** | | |
| (Increase) / decrease in trade receivables, including Subsidy | **(117.75)** | 885.72 |
| (Increase) / decrease in inventories | **(176.74)** | 92.19 |
| Decrease / (increase) in financial assets | **3.06** | (0.65) |
| (Increase) / decrease in loans and advances and other assets | **(8.23)** | 31.06 |
| Increase in provision | **17.19** | 8.04 |
| Increase / (decrease) in trade payables and other liabilities | **283.11** | (2.85) |
| Increase in financial liabilities | **108.83** | 15.53 |
| **Cash generated from operations** | **2,594.50** | 2,102.09 |
| Income taxes paid (net) | **(627.84)** | (217.69) |
| **Net cash flow generated from operating activities (A)** | **1,966.66** | 1,884.40 |
| **Cash flows from investing activities** | | |
| Payment for purchase of property, plant & equipment (Including capital work In progress and capital advances) | **(137.77)** | (216.21) |
| Proceeds from sale / concession received of property, plant and equipment | **0.46** | 0.92 |
| Proceeds from sale / maturity of investments / other advances | **29.12** | 696.45 |
| (Increase) in deposits with corporates (net) | **(2,000.00)** | (235.00) |
| Decrease / (increase) in deposits / balances with banks (net) | **104.33** | (1,190.30) |
| Interest received | **95.83** | 80.95 |
| Dividend received | **9.27** | 7.38 |
| **Net cash flow (used in) investing activities (B)** | **(1,898.76)** | (855.81) |

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2022

(₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Cash flows from financing activities** | | |
| Proceeds from short term borrowings | **0.33** | 664.50 |
| Repayment of short term borrowings | **(0.33)** | (1,497.48) |
| Interest paid | **(1.63)** | (18.66) |
| Dividend paid | **(123.03)** | (77.57) |
| Premium on forward contracts | **(5.61)** | (4.45) |
| **Net cash flow (used in) financing activities (C)** | **(130.27)** | (933.66) |
| **Net (decrease) / increase in cash and cash equivalents (A + B + C)** | **(62.37)** | 94.93 |
| Cash and cash equivalents at the beginning of the year | **135.01** | 40.08 |
| **Cash and cash equivalents at the end of the year** | **72.64** | 135.01 |
| **Notes:** | | |
| Component of Cash and Cash equivalents | | |
| - Cash on hand | **0.07** | 0.07 |
| - Debit balance in cash credit and overdraft accounts | **11.80** | 9.47 |
| - Balances with bank in current accounts | **12.86** | 4.44 |
| - Deposit with original maturity of Less than three months | **47.98** | 123.19 |
| **Total (refer Note 14)** | **72.71** | 137.17 |
| Less: Cash credit and overdraft accounts (refer Note 19) | **0.07** | 2.16 |
| **Total cash and cash equivalents** | **72.64** | 135.01 |

**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-21(a).

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

**D. V. Parikh**
Executive Director & CFO

**A. C. Shah**
Company Secretary

**Shri Pankaj Joshi, IAS**
Managing Director
(DIN - 01532892)

**Shri Pankaj Kumar, IAS**
Chairman
(DIN - 00267528)

Place : Gandhinagar
Date : May 09, 2022

AS PER OUR REPORT OF EVEN DATE
For **Suresh Surana & Associates LLP**
Chartered Accountants
(Firm Registration No.: 121750W/W-100010)

**Ramesh Gupta**
Partner
Membership No. 102306

Place : Mumbai
Date : May 09, 2022

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### 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, 2022. 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 09, 2022.

### 2 Significant accounting policies

### 2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time.

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

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

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

### 2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiary as at March 31, 2022.

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, 2022.

**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, 2022

### 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, 2022

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

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

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

**c) Foreign currency transactions**

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

**d) Transactions and balances**

Transactions in foreign currencies are initially recorded 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:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

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

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

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

- Disclosures for valuation methods, significant estimates and assumptions (refer Note 49)
- Quantitative disclosures of fair value measurement hierarchy (refer Note 49.2)
- Investment in unquoted equity shares (refer Note 8)
- Investment properties (refer Note 6)
- Financial instruments (including those carried at amortized cost) (refer Note 49.1)

**f) Revenue from contracts with customers**

Revenue from contracts with customers is recognised when the control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company derives its revenues from sale of goods such as fertilizers, industrial chemicals, government subsidies on sale of fertilizers and information technology related hardware / software services. The Company is generally the principal in its revenue arrangements because it controls goods or services before transferring them to the customer, except for the agency services where revenue is recognised on net basis.

The disclosure of significant accounting judgements, estimates and assumptions relating to revenue from contract with customers are provided in Note 3.

**Sale of goods**

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods except in certain cases where goods are sold under bill and hold arrangement.

The Company considers whether there are other promises in the contract (supply of information technology goods) that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. installation, warranties etc.) based on materiality of such obligation. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration and consideration payable to the customer (if any).

Amount disclosed as revenue are net of trade discounts, rebates, incentives and goods & service tax (GST). The Company collects GST on behalf of the government and therefore, these are not economic benefits flowing to the Company. Hence, these are excluded from the revenue. The Company recognizes changes in the estimated amount of liability for discounts, rebates and incentives in the period in which the change occurs.

Installation, as applicable, is integral part of delivery of goods. The Company typically provides warranties for general repairs of defect that existed at the time of sale, as required by law. These assurance type warranties are accounted for under Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets unless it is fully realisable from the supplier.

**Bill-and-hold arrangement**

A bill-and-hold arrangement is a contract under which an entity bills a customer for a product but the entity retains physical possession of the product until it is transferred to the customer at a point in time in the future. The Company does not control the product. Instead, it provides custodial services to the customer over the customer's asset.

The Company recognizes the revenue under Bill-and-Hold arrangements only when it satisfies all of the below criteria along with the other criteria as specified under Ind AS 115 – revenue from contract with customers:

- There is a substantive reason for the Bill-and-hold arrangement.
- The product is identified separately as belonging to the customer;
- The product currently is ready for physical transfer to the customer; and
- The Company do not have the ability to use the product or to direct it to another customer.

**Urea product subsidy**

Urea Subsidy under the New Urea Policy - 2015 is recognised as per concession rates notified by the Government of India (GoI) at the point in time when the quantity is transferred / delivered to customers. Urea Subsidy is further adjusted for input price escalation/ de-escalation as estimated by the Management based on the prescribed norms. The Company recognises the subsidy based on quantity sold.

**ANP product subsidy**

ANP Subsidy under Nutrient Based Subsidy (NBS) w.e.f. 01.04.2010 and amendments thereto is recognised as per the concession rates notified by the Government of India (GoI) at the point in time when the quantity is transferred / delivered to customers. The Company recognises the subsidy based on quantity sold.

**Urea and ANP freight subsidy**

Freight Subsidy is recognized for the quantity transferred / delivered to customers based on the notified rates approved by the GoI in case of Urea and on the normative notified rates approved by the GoI or the actual freight whichever is lower in case of ANP.

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

Income from services rendered by the Information Technology division (including operation and maintenance) is recognized as and when the services are transferred to the customer at an amount that reflect the consideration to which the Company expects to be entitled in exchange for those services.

**Interest income**

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Dividends**

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend except for interim dividend which is recognised based on approval of the Board of Directors of investee Company.

**Insurance claims**

Claims receivable on account of insurance are accounted for to the extent no significant uncertainty exist for the measurement and realisation of the amount.

**Government grants and export incentives**

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

**Export incentive**

Export incentives under various schemes notified by government are accounted for in the year of exports based on the eligibility, reasonable accuracy and conditions precedent to claim are fulfilled.

**g) Contract balances**

**Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

**Trade receivables (including subsidy receivables)**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section Q "Financial instruments – initial recognition and subsequent measurement".

**Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

**h) Taxes**

Tax expense comprises of current income tax and deferred tax.

**Current income tax**

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

The Company has decided to exercise the option permitted under section 115BAA of the Income Tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019 from the Financial Year 2021-2022 under which domestic companies have the option to pay income tax at lower rate ("New tax rate") subject to the giving up of certain incentives and deductions. Accordingly, the provision for current tax for the Financial Year ended on March 31, 2022 is measured at the New tax rate.

**Deferred tax**

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Deferred tax assets and liabilities are offset if and only if there is a legally enforceable right to offset corresponding current tax assets against current tax liabilities and when the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company. Current tax assets and current tax liabilities are offset where the entity has a legally enforceable right to offset the recognized amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**i) Property, plant and equipment (PPE)**

**Measurement at recognition**

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses, if any.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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 and equipments are different from those prescribed under Part C of Schedule II of the Companies Act, 2013 based on management estimates. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be use. Category wise details are as under:

| Sr No | Category | Useful life in years |
|---|---|---|
| 1 | Plant and equipment (including capital spares) | Ranging from 1 to 40 years |
| 2 | Furniture and Fixtures | Ranging from 2 to 20 years |
| 3 | Office equipments | Ranging from 1 to 13 years |
| 4 | Roads, culverts and compound wall | Ranging from 3 to 30 years |
| 5 | Water supply and drainage system | Ranging from 5 to 15 years |

The identified components of Property, Plant and Equipments are depreciated over their useful lives and the remaining components are depreciated over the life of principal assets.

Freehold land is not depreciated. Lease hold land is amortized over the lease term of 99 years.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each Financial Year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate and adjusted prospectively, if appropriate.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**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.

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

| Sr No | Intangible Assets | Method of Amortization | Estimated Useful life |
|---|---|---|---|
| 1 | Computer software | on straight line basis | Six years or validity period whichever is lower |
| 2 | Licenses | | Over its useful life of 20 years |

**l) Borrowing costs**

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**m) Leases**

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

For arrangements entered into prior to April 01, 2017, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

**Company as a lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**(i) Right-of-use Assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

| Sr No | Category | Life |
|---|---|---|
| 1 | Land | 8 to 30 years |
| 2 | Building (includes Godown / warehouses & office premises) | 3 to 5 years |
| 3 | Vehicle | 3 years |

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (n) Impairment of non-financial assets.

**(ii) Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**(iii) Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of building, machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**Company as a lessor**

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

**n) Inventories**

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

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

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

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

All other inventories of stores and consumables (including coal) are valued at Moving Weighted Average Cost basis.

Stores and Spares includes equipment spare parts, catalyst and others which are held as inventory by the Company.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**o) Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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 fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability. Till the Financial Year 2019-20 end, the Company had separate recognized Provident Fund trusts for all the employees of the Company. The Company had an obligation to make good the shortfall, if any, between the return from the investments of the trusts and the interest rate notified by Government.

The employee's gratuity fund scheme and post-retirement medical benefit schemes are Company's defined benefit plans. The contributions under the plans are made to separately administered funds. The cost of providing benefits under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on the net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short term employee benefits. The Company measures the expected cost of such absence as the additional amount that is expected to pay as a result of the unused estimate that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months as long term compensated absences which are provided for based on actuarial valuation as at the end of the period. The actuarial valuation is done as per Projected Unit Credit Method.

**r) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

**Initial recognition and measurement**

All financial assets are recognized initially at fair value plus, in case of financial asset not recorded at fair value through profit and loss, transaction cost that are attributable to the acquisition of the financial assets.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (e) for Revenue from contracts with customers.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payment of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date. i.e. the date that the Company commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in three categories:

(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)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**(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 49 for further details).

This category is most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss except where the Company has given temporary waiver of interest not exceeding 12 months period.

**(ii) Financial assets designated at fair value through OCI (equity instruments)**

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment / de-recognition of investment on restructuring by investee. However, the Company may transfer the cumulative gain or loss into retained earnings within equity. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

**(iii) Financial assets at fair value through profit or loss (FVTPL)**

Financial assets at fair value through profit or loss include financial assets held for trading, debt securities and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has designated Loans to employees, investments in Government Securities, Debentures and State Development Loans and other advances. (Refer note 49 for further details).

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On Derecognition of a financial asset, (except as mentioned in (ii) above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

**Impairment of financial assets**

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure ;

a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits and bank balances.

b) Financial assets that are equity instruments and are measured at fair value through other comprehensive income (FVTOCI)

c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables.

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Lifetime ECL are the expected credit losses resulting from all possible default over the expected life of a financial instrument.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ECL is the difference between all contracted cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original EIR. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income / (expense) in the statement of profit and loss (P&L). This amount is reflected under the head "Other Expense / Other Income" in the P&L.

The balance sheet presentation for various financial instruments is described below:

**Financial assets measured as at amortized cost, contractual revenue receivables and lease receivables:**

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

**Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

**Subsequent measurement**

For the purpose of subsequent measurement, financial liabilities are classified into two categories:

(i) Financial liabilities measured at fair value through profit or loss

(ii) Financial liabilities measured at amortised cost (loans and borrowings)

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains / losses attributable to changes in own credit risk are recognized in OCI. These gains / losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as at FVTPL.

**Financial liabilities measured at amortised cost (loans and borrowings)**

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

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

This category generally applies to borrowings.

**Derecognition**

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**s) Derivative financial instruments**

**Initial recognition and subsequent measurement**

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value through profit or loss (FVTPL) on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivative financial instrument or on settlement of such derivative financial instruments are recognized in statement of profit and loss and are classified as Foreign Exchange (Gain) / Loss except those relating to borrowings, which are separately classified under Finance Cost.

**t) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and cash credit facilities as they are considered an integral part of the Company's cash management.

**u) Cash dividend to equity holders of the Company**

The Company recognizes a liability to pay dividend to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

**v) Earnings per share**

Basic earnings per share are calculated by dividing the profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### 2.4 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below. Applicable from April 1, 2022.

**Ind AS 16–Property Plant and equipment**

Costs of testing whether the asset is functioning properly or not, after deducting the net proceeds from selling any items produced while bringing the asset to that location and condition (such as samples produced when testing equipment). Excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 37–Provisions, Contingent Liabilities and Contingent Assets**

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract). The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 109–Annual Improvements to Ind AS (2021)**

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

### 3 Significant accounting judgement, estimates and assumptions

The preparation of the Company's Ind AS Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Judgements**

In the process of applying the Companies accounting policies, management has made the following judgements which have the most significant effects on the amounts recognised in the financial statements.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next Financial Year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**Taxes**

Deferred tax assets are recognized for unused tax credits to the extent that it is probable that taxable profit will be available against which the credits can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details on taxes are disclosed in Note 26.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Defined benefit plans (gratuity benefits and other post-employment medical benefits)**

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of these obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, medical cost escalations and mortality rates etc. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates and Company's obligation under Long Term Wage Settlement which is evaluated in block of four years. Medical cost escalations are based on expected future medical expenditure.

Further details about gratuity and post-employment medical benefits obligations are given in Note 41.

**Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer Note 49 for further disclosures.

**Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the future years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance being tested. The cash flow projections, beyond period covered by the most recent budget / forecast, the Company extrapolates cash flow projections taking base of budget working using a steady or declining growth rate for subsequent years unless an increasing trend can be justified. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes

**Leases - Estimating the incremental borrowing rate**

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### 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 compund wall | Water supply and drainage system | Railway sidings | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | | | | |
| **As at April 01, 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** |
| Additions | - | - | - | 8.08 | 135.80 | 0.69 | 0.77 | 0.88 | 1.17 | - | - | 147.39 |
| Disposals | - | - | - | - | (15.32) | (0.51) | (0.30) | (1.05) | - | - | - | (17.18) |
| Reclassification | - | - | - | (0.73) | 3.31 | (2.58) | - | - | - | - | - | - |
| **As at March 31, 2022** | **111.03** | **240.54** | **9.62** | **449.08** | **6,956.16** | **32.53** | **7.10** | **11.67** | **72.70** | **128.31** | **3.77** | **8,022.51** |
| **Depreciation / Amortisation** | | | | | | | | | | | | |
| **As at April 01, 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** |
| Depreciation for the year | - | 2.52 | 0.34 | 12.54 | 256.26 | 2.05 | 0.68 | 0.56 | 5.31 | 6.09 | - | 286.35 |
| Reclassification | - | - | - | (0.01) | 2.17 | (2.16) | - | - | - | - | - | - |
| Disposals | - | - | - | - | (14.22) | (0.45) | (0.13) | (0.99) | - | - | - | (15.79) |
| **As at March 31, 2022** | **-** | **23.39** | **0.46** | **143.51** | **4,141.70** | **24.27** | **4.37** | **9.60** | **49.92** | **82.34** | **3.58** | **4,483.14** |
| **Net Block** | | | | | | | | | | | | |
| **As at March 31, 2022** | **111.03** | **217.15** | **9.16** | **305.57** | **2,814.46** | **8.26** | **2.73** | **2.07** | **22.78** | **45.97** | **0.19** | **3,539.37** |
| 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 |

**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.

**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.** Assets given on lease included in plant and equipment :
- Cost as at March 31, 2022 is ₹ 9.39 crores (March 31, 2021 ₹ 9.39 crores)
- Depreciation as at March 31, 2022 is ₹ 8.92 crores (March 31, 2021 ₹ 8.92 crores)
- Net block as at March 31, 2022 is ₹ 0.47 crore (March 31, 2021 ₹ 0.47 crore)

**d.** Additions to property, plant & equipment during the year include ₹ Nil (previous year: ₹ Nil) used for research and development activities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**e.** Disclosure with respect to the Title deeds of Immovable Property not held in the name of the Company is as below:

A) List of Immovable Properties as at 31.03.2022

| Relevant line item in the Balance Sheet | Description of item of property | Gross carrying value (₹ Crores) | Title deeds held in the name of | Whether title deed holder is a promoter *, director or relative** of promoter / director or employee of promoter / director | Property held since which date | Reason for not being held in the name of the company | Is there any Dispute |
|---|---|---|---|---|---|---|---|
| Land leasehold | Land leasehold | 43.05 | Gujarat Industrial Development Corporation, Bharuch | NO | 04.09.2012 | The lease deed for plots allotted are not executed in favour of GNFC because of the some of the portion of the lands are Gaucher and Government Land are falling in the plot allotted to the Company and lease will be executed after allotment of Gaucher and Government Land to GNFC. | NO |

*Promoter here means promoter as defined in Section 2(69) of the Companies Act, 2013
**Relative here means relative as defined in Section 2(77) of the Companies Act, 2013

B) List of Immovable Properties as at 31.03.2021

| Relevant line item in the Balance Sheet | Description of item of property | Gross carrying value (₹ Crores) | Title deeds held in the name of | Whether title deed holder is a promoter *, director or relative** of promoter / director or employee of promoter / director | Property held since which date | Reason for not being held in the name of the company | Is there any Dispute |
|---|---|---|---|---|---|---|---|
| Land leasehold | Land leasehold | 43.05 | Gujarat Industrial Development Corporation, Bharuch | NO | 04.09.2012 | The lease deed for plots allotted are not executed in favour of GNFC because of the some of the portion of the lands are Gaucher and Government Land are falling in the plot allotted to the Company and lease will be executed after allotment of Gaucher and Government Land to GNFC. | NO |

*Promoter here means promotor as defined in Section 2(69) of the Companies Act, 2013
**Relative here means relative as defined in Section 2(77) of the Companies Act, 2013

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 5 : Capital Work in Progress**

**5.1 : Capital work in progress is as under:**

- **Gross block** as at March 31, 2022 is ₹ **142.40** crores (March 31, 2021 ₹ 165.58 crores)
- **Impairment provision** as at March 31, 2022 is ₹ **4.68** crores (March 31, 2021 ₹ 4.68 crores)
- **Net block** as at March 31, 2022 is ₹ **137.72** crores (March 31, 2021 ₹ 160.90 crores)

It mainly includes cost incurred on plant and equipment procured at Formic Acid Plant (₹ 58.41 crores), CNA-IV Project (₹ 43.31 crores), TDI II Dahej Plant (₹ 9.20 crores), ANI-TDI Plant (₹ 7.31 crores), Urea Plant (₹ 2.87 crores) and Ammonia Plant (₹ 1.15 crores).

**5.2 : CWIP Ageing Schedule** (₹ Crores)

| Particulars | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1 to 2 year | 2 to 3 year | more than 3 years | Grand Total |
| **As on 31.03.2022** | | | | | |
| Projects in progress | 75.70 | 54.06 | 6.55 | 1.41 | 137.72 |
| **As at March 31, 2022** | **75.70** | **54.06** | **6.55** | **1.41** | **137.72** |
| **As on 31.03.2021** | | | | | |
| Projects in progress | 144.30 | 13.71 | 2.70 | 0.19 | 160.90 |
| **As at March 31, 2021** | **144.30** | **13.71** | **2.70** | **0.19** | **160.90** |

**Note :**

As on March 31, 2022 and March 31, 2021 one project related to Amine Water Effluent Treatment facility at Aniline-TDI complex is suspended. The project was commenced in 2017 and total expenditure incurred till March 31, 2022 is ₹ 4.67 crores (till March 31, 2021 is ₹ 4.67 crores). The Company has already created impairment provision of ₹ 4.67 crores against the same and hence the details of the same is not covered in above ageing table.

**5.3 : CWIP completion schedule for capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan.** (₹ Crores)

| Particulars | To be completed in | | | |
|---|---|---|---|---|
| | Less than 1 year | 1 to 2 year | 2 to 3 year | more than 3 years |
| **As on 31.03.2022** | | | | |
| **Projects and Schemes in Progress** | | | | |
| - CNA - IV Project | 63.39 | - | - | - |
| - Formic Acid Revamp Project | 27.60 | - | - | - |
| - Energy Conservation Turbine at ANI-TDI | 9.04 | - | - | - |
| - Additional Chlorine Bullet Facility - TDI-II Dahej | 3.74 | - | - | - |
| - New fire station building - TDI-II Dahej | 3.39 | - | - | - |
| - Secondary Combustion Chamber at ANI-TDI | 1.80 | - | - | - |
| - Fire water pump house upgradation | 1.57 | - | - | - |
| - Additional storage facility of Toluene - TDI-II Dahej | 1.23 | - | - | - |
| - New Metallic storage tank for acidic eff ETP Dahej | 0.90 | - | - | - |
| - Fire water Pumps & Storage at ANI-TDI | 0.73 | - | - | - |
| - Extension on control Room - TDI II Dahej | 0.65 | - | - | - |
| - Other Various Modification / Upgradation schemes | 4.21 | - | - | - |
| **Total as at March 31, 2022** | **118.25** | **-** | **-** | **-** |

None of the projects has exceeded it's cost compared to its original plan.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ Crores)

| Particulars | To be completed in Less than 1 year | 1 to 2 year | 2 to 3 year | more than 3 years |
|---|---|---|---|---|
| **As on 31.03.2021** | | | | |
| **Projects and Schemes in Progress** | | | | |
| - Formic Acid Revamp Project | 48.70 | - | - | - |
| - Energy Conservation Turbine at ANI-TDI | 13.97 | - | - | - |
| - Installation of List - II unit - TDI-II Dahej | 9.44 | - | - | - |
| - Synthesis Gas compressor revamp - Ammonia | 5.72 | - | | |
| - Additional Chlorine Bullet Facility - TDI-II Dahej | 3.77 | - | - | - |
| - Fire water Pumps & Storage at ANI-TDI | 0.73 | - | - | - |
| - New QC Building - TDI II Dahej | 0.68 | - | - | - |
| - Other Various Modification / Upgradation schemes | 1.67 | - | - | - |
| **Total as at March 31, 2021** | **84.68** | **-** | **-** | **-** |

None of the projects has exceeded it's cost compared to its original plan.

### Note 6 : Investment property

(₹ Crores)

| Particulars | Building | Total |
|---|---|---|
| **Cost** | | |
| **As at April 01, 2020** | **25.93** | **25.93** |
| Additions (subsequent expenditure) | - | - |
| **As at March 31, 2021** | **25.93** | **25.93** |
| Additions (subsequent expenditure) | - | - |
| **As at March 31, 2022** | **25.93** | **25.93** |
| **Depreciation** | | |
| **As at April 01, 2020** | **7.80** | **7.80** |
| Depreciation for the year | 0.43 | 0.43 |
| **As at March 31, 2021** | **8.23** | **8.23** |
| Depreciation for the year | 0.42 | 0.42 |
| **As at March 31, 2022** | **8.65** | **8.65** |
| **Net Block** | | |
| **As at March 31, 2022** | **17.28** | **17.28** |
| As at March 31, 2021 | 17.70 | 17.70 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Rental income derived from Investment properties | **5.65** | 8.00 |
| Direct operating expenses (including repairs and maintenance) generating rental income | **(2.01)** | (2.24) |
| Direct operating expenses (including repairs and maintenance) that did not generate rental income | **(2.21)** | (1.86) |
| **Profit arising from investment property before depreciation and indirect expenses** | **1.43** | 3.90 |
| Less : Depreciation | **(0.42)** | (0.43) |
| **Profit arising from investment property before indirect expenses** | **1.01** | 3.47 |

(i) As at March 31, 2022 and March 31, 2021 the fair values of the investment property is ₹ 85.20 crores and ₹ 85.20 crores respectively, based on valuations performed by an accredited independent valuer, who is a specialist in valuing such types of investment properties.

(ii) The Company has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

(iii) Fair value hierarchy disclosure for investment properties have been provided in Note 49.2.

**Note 7 : Intangible assets** (₹ Crores)

| Particulars | Computer software | Licenses | Total |
|---|---|---|---|
| **Cost** | | | |
| **As at April 01, 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** |
| Additions | 2.82 | - | 2.82 |
| Deletion | - | - | - |
| **As at March 31, 2022** | **27.87** | **34.29** | **62.16** |
| **Amortization** | | | |
| **As at April 01, 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** |
| Amortization for the year | 2.41 | 1.55 | 3.96 |
| Disposals | - | - | - |
| **As at March 31, 2022** | **22.82** | **19.38** | **42.20** |
| **Net Block** | | | |
| **As at March 31, 2022** | **5.05** | **14.91** | **19.96** |
| As at March 31, 2021 | 4.64 | 16.46 | 21.10 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 8 : Investments**

(₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **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 $ | **92.44** | 85.78 |
| **Total** | **92.44** | 85.78 |
| **Non- Trade Investments** | | |
| **(i) Investments at fair value through other comprehensive income (FVTOCI) [Refer note (a & b)]** | | |
| **Investments at FVTOCI** | | |
| **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 | **121.54** | 60.98 |
| B) 17,59,996 (previous year 17,59,996) Equity Shares of Gujarat Alkalies & Chemicals Limited of ₹ 10/- each | **157.79** | 60.68 |
| C) 80,00,000 (previous year 80,00,000) Equity Shares of Gujarat State Petronet Limited of ₹ 10/- each | **207.24** | 218.68 |
| D) 2,66,445 (previous year 2,66,445) Equity Shares of Gujarat Gas Limited of ₹ 2/- each | **13.41** | 14.64 |
| | **499.98** | 354.98 |
| **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 | **24.09** | 21.27 |
| B) 42,000 (previous year 42,000) equity shares of Bharuch Enviro Infrastructure Limited of ₹ 10/- each | **13.19** | 5.44 |
| C) 20,000 (previous year 20,000) equity shares of Gujarat Venture Finance Limited of ₹ 10/- each | **0.55** | 0.38 |
| 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) | **607.07** | 386.13 |
| E) 2,42,10,000 (previous year 2,42,10,000) equity shares of Ecophos GNFC Private Limited of ₹ 10/- each @ , # | **- *** | - * |
| F) 1,35,30,000 (previous year 1,35,30,000) equity shares of Bharuch Dahej Railway Company Limited of ₹ 10/- each | **10.82** | 11.69 |
| G) NIL (previous year 10) shares of GESIA IT Association of ₹ 10/- each | **-** | - * |
| | **655.72** | 424.91 |
| **Total Investments at FVTOCI** | **1,155.70** | 779.89 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **(ii) Investments at fair value through profit and loss (FVTPL)** | | |
| **Investments at FVTPL - Unquoted** | | |
| A) Investments in Government securities | **3.53** | 6.09 |
| B) Investments in Debentures ** | **52.34** | 56.98 |
| C) Investments in State Development Loans | **8.94** | 9.16 |
| **Total Investments at FVTPL** | **64.81** | 72.23 |
| **Non-current** | **1,248.14** | 865.67 |
| **Current** | **64.81** | 72.23 |
| **Total investments** | **1,312.95** | 937.90 |
| **Aggregate book value of quoted investments and market value thereof** | **499.98** | 354.98 |
| **Aggregate amount of unquoted investments** | **812.97** | 582.92 |
| * Amount nullified on conversion to ₹ crores. | | |
| $ Investment in Associate is accounted under Equity method as under: | | |
| Opening Carrying Value of Investments | **85.78** | 78.04 |
| Additon during the year | **6.66** | 7.74 |
| Carrying Value of Investments at the year end | **92.44** | 85.78 |

\# M/s Ecophos GNFC Private Limited (EGIPL) is the joint venture company formed by the Company and M/s Ecophos S.A - a Belgium based Company for manufacturing of Di-Calcium Phosphate (DCP) at Dahej location. The Company holds 15% shareholding of EGIPL at issued value of ₹ 24.21 crores. During the FY 2019-20, M/s 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, 2022 and as at March 31, 2021 at the nominal consideration of ₹ 1.

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

** During the previous year, the Company had acquired various securities from GNFC-EPFT which included 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 ₹ 9 only (i.e. ₹ 1 for each security) as against total face value of ₹ 47.00 crores.

(a) The fair value of the quoted equity investments are derived from quoted market prices in active market.

(b) Investments include investment in unquoted equity shares. Fair value of unquoted investment in equity instrument have been carried out by independent valuer using Net Assets Value model and comparable companies model following Market Approach and Asset Approach. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk, volatility, net assets and market multiples. The probabilities of various estimates within the range can be reasonably assessed and are used in management's estimates for fair value for these unquoted equity instruments.

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

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Opening Balance** | **779.89** | 594.69 |
| Add : Fair value gain / (loss) recognised in Other Comprehensive Income | **375.81** | 185.20 |
| **Closing Balance** | **1,155.70** | 779.89 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 9 : Loans and advances** (₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Current** | | |
| **Loans** | | |
| **Considered good** | | |
| Deposits with a body corporate (unsecured) | **1,850.00** | 400.00 |
| Loans to employees * # @ | **17.15** | 18.19 |
| **Total** | **1,867.15** | 418.19 |
| **Non-Current** | | |
| **Loans** | | |
| **Considered good** | | |
| Deposits with a body corporate (unsecured) | **550.00** | - |
| Loans to employees * # @ | **110.93** | 107.85 |
| **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** | **660.93** | 107.85 |
| **Total loans and advances** | **2,528.08** | 526.04 |

* includes gross interest accrued ₹ 4.43 crores (previous year ₹ 4.21 crores) on current loans to employees and of ₹ 31.86 crores (previous year ₹ 32.09 crores) on non-current loans to employees.

# No loans are due from Promoters, Directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are repayable on demand or without specifying any terms or period of repayment.

@ It includes secured Loans to employees having fair value of ₹ 12.44 crores (previous year ₹ 12.99 crores) in current and ₹ 98.61 crores (previous year ₹ 96.89 crores) in non-current amount. Employees have mortgaged/ hypothecated their Buildings and Vehicles to the Company.

**Note 10 : Other financial assets** (₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Current** | | |
| **Other financial assets** | | |
| Advances to GNFC Employee Provident Fund Trust (GNFC-EPFT) * | **-** | 21.04 |
| Dividend receivable | **-** | 4.42 |
| Accrued interest | **44.39** | 23.43 |
| Other receivables | **0.01** | 0.01 |
| Deposits with suppliers | **7.11** | 7.11 |
| Export Benefit Receivable | **-** | 2.33 |
| **Total** | **51.51** | 58.34 |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Non-Current** | | |
| **Other financial assets** | | |
| Deposits with suppliers | **14.12** | 14.85 |
| Bank deposits with more than 12 months maturity | **100.00** | - |
| **Total** | **114.12** | 14.85 |
| **Total other financial assets** | **165.63** | 73.19 |

* The Company had outstanding receivables of ₹ 21.04 crores from Employees' Provident Fund Trust of the Company (GNFC-EPFT), which was given as advance to GNFC-EPFT during the surrender procedure of GNFC-EPFT to EPFO. During the year, such balance of ₹ 21.04 crores received by the Company after receiving final order of approval for cancellation of exemption of GNFC-EPFT from EPFO.

**Note 11 : Trade receivables** (₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Trade receivables** | | |
| - Secured, Considered good | **18.61** | 22.58 |
| - Unsecured, Considered good | **126.67** | 209.03 |
| - Unsecured, Credit impaired | **18.63** | 27.28 |
| **Subsidy receivables** | | |
| - Unsecured, Considered good | **479.82** | 277.94 |
| - Unsecured, Credit impaired | **0.95** | - |
| | **644.68** | 536.83 |
| Less : Impairment Allowances (Allowance for doubtful debts) | | |
| **Trade receivables (Credit impaired)** | **(18.63)** | (27.28) |
| **Subsidy Receivables (Credit impaired)** | **(0.95)** | - |
| **Total** | **625.10** | 509.55 |

**Note:**

Refer Note 44 for Ageing of Trade receivables as on March 31, 2022 and March 31, 2021.

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 ₹ 61.68 crores (previous year ₹ 75.97 crores) are governed by the terms of respective contract agreement. Out of the dues, the Company has provided impairment allowance of ₹ 18.30 crores as on March 31, 2022 (as on March 31, 2021: ₹ 26.92 crores) based on credit risk model followed by the Company.

Subsidy receivables represents amount receivable from government against sale of fertilizers.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 12: Other non-current assets** (₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured, considered good** | | |
| Unamortized value of employee loan benefits | **40.20** | 31.98 |
| Capital advances | **47.58** | 36.54 |
| Deposits / Recoverable balances from customs, VAT and others | **1.01** | 1.39 |
| Prepaid Expense | **2.31** | 3.37 |
| **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. | **4.55** | 5.15 |
| Less: Provision for doubtful balances | **(4.55)** | (5.15) |
| | **-** | - |
| Receivable from others | **4.14** | 4.14 |
| Less: Provision for doubtful balances | **(4.14)** | (4.14) |
| | **-** | - |
| **Total** | **91.10** | 73.28 |

**Note 13 : Inventories (Valued at lower of Cost and Net realisable value)** (₹ Crores)

| Particulars | | As at March 31, 2022 | | As at March 31, 2021 |
|---|---|---|---|---|
| Raw materials | | **362.44** | | 186.69 |
| (Includes in transit inventory as on March 31, 2022 ₹ 88.44 crores; as on March 31, 2021 - ₹ 43.04 crores) | | | | |
| Work-in-progress * | | **38.58** | | 36.79 |
| Finished goods * | | **80.04** | | 113.26 |
| Traded goods | | **14.82** | | 2.22 |
| Stores and spares (Including coal) | **502.15** | | 483.32 | |
| (Includes in transit inventory as on March 31, 2022 ₹ 1.94 crores; as on March 31, 2021 ₹ 1.90 crores) | | | | |
| Less: Provision for excess inventory | **(21.06)** | **481.09** | (8.94) | 474.38 |
| **Total** | | **976.97** | | 813.34 |

* During the current year, the Company has adjusted inventories of finished goods and Work-in-progress by ₹ 9.39 crores (Previous year ₹ 1.20 crores) so as to value such inventories at net realizable value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 14 : Cash and cash equivalents** (₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Balances with banks in: | | |
| Current accounts | **12.86** | 4.44 |
| Debit balance in cash credit and overdraft accounts | **11.80** | 9.47 |
| Cash on hand | **0.07** | 0.07 |
| Deposits with original maturities less than 3 months | **47.98** | 123.19 |
| **Total** | **72.71** | 137.17 |

**Note 15 : Other bank balances** (₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Balances with banks | | |
| Unpaid dividend accounts | **12.02** | 10.71 |
| Bank balances in escrow accounts * | **165.62** | 37.46 |
| Deposit with original maturity more than 3 months but remaining maturities of less than 12 months # | **931.59** | 1,265.39 |
| **Total** | **1,109.23** | 1,313.56 |

* Balance in escrow account represents amount received as Earnest Money Deposit & Tender fees against e-auction done on behalf of various local authorities of Government of Gujarat. Corresponding liability is disclosed in Note 21 as "Other current financial liabilities".

\# Includes ₹ 202.59 crores (₹ 302.67 crores previous year) pledged with lenders and Government authorities.

**Note 16 : Other current assets** (₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Deposits / Recoverable balances from customs, VAT and others | **0.22** | 3.27 |
| Advance to suppliers | **62.69** | 48.69 |
| Goods and Service Tax Receivable | **12.50** | 14.48 |
| Contract assets * | **8.53** | 16.71 |
| Receivable from others | **0.14** | 0.63 |
| Gratuity Fund (Refer Note 41) | **2.92** | - |
| Prepaid expenses | **17.30** | 20.77 |
| Unamortized employee loan benefits | **6.01** | 5.21 |
| Energy savings certificates ** | **-** | - |
| **Total** | **110.31** | 109.76 |

* Classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

** Amount nullified on conversion to ₹ crores.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 17 : Share capital** (₹ Crores)

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | 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 |

### 17.1. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | 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 |
| Changes in Equity Share Capital due to prior period errors | **-** | **-** | - | - |
| **Restated balance 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 |

### 17.2. Terms/rights attached to the equity shares

**Rights, preferences and restrictions attached to equity shares:**

The Company has only one class of equity shares having par value of ₹ 10/- per share, i.e. equity shares which rank pari passu in all respects. Each holder of equity share is entitled to one vote per share.

For the current Financial Year 2021-22, the Company has proposed dividend of ₹ 10/- per equity share to equity shareholder (for the previous Financial Year dividend of ₹ 8/- per share declared). The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### 17.3. Number of Shares held by each shareholder holding more than 5% Shares in the Company

| Name of the shareholders | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | 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 | **64,40,807** | **4.14%** | 92,37,124 | 5.94% |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**17.4. Disclosure of Shareholding of Promoters**

Disclosure of shareholding of promoters as at March 31, 2022 is as follows :

| Name of the Promoter | As at March 31, 2022 | | As at March 31, 2021 | | Change during the year |
|---|---|---|---|---|---|
| | No. of shares | % of shareholding | No. of shares | % of shareholding | |
| Gujarat State Investments Ltd. | **3,32,27,546** | **21.38%** | 3,32,27,546 | 21.38% | 0.00% |
| Gujarat State Fertilizers & Chemicals Ltd. | **3,07,79,167** | **19.80%** | 3,07,79,167 | 19.80% | 0.00% |

Disclosure of shareholding of promoters as at March 31, 2021 is as follows :

| Name of the Promoter | As at March 31, 2022 | | As at March 31, 2021 | | Change during the year |
|---|---|---|---|---|---|
| | No. of shares | % of shareholding | No. of shares | % of shareholding | |
| Gujarat State Investments Ltd. | **3,32,27,546** | **21.38%** | 3,32,27,546 | 21.38% | 0.00% |
| Gujarat State Fertilizers & Chemicals Ltd. | **3,07,79,167** | **19.80%** | 3,07,79,167 | 19.80% | 0.00% |

**Note 18 : Other equity**

**Note 18.1 Reserves and surplus** **(₹ Crores)**

| Particulars | Capital reserve | Securities Premium | General reserve | Retained earnings | Total |
|---|---|---|---|---|---|
| **As at April 01, 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** |
| Profit for the year | | | | 1,710.41 | 1,710.41 |
| Re-measurement gain on defined benefit plans (net of tax) | | | | 14.79 | 14.79 |
| **Balance available for appropriation** | | | | **4,290.92** | **7,084.63** |
| **Less : Appropriations** | | | | | |
| Dividend | | | | 124.34 | 124.34 |
| **As at March 31, 2022** | **0.64** | **313.31** | **2,479.76** | **4,166.58** | **6,960.29** |

**Securities Premium:**

Securities premium is used to record the premium on issue of shares. This reserve is utilized in accordance with the provision of section 52 (2) (c) of the Companies Act, 2013.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 18.2 Other comprehensive income (OCI)** (₹ Crores)

| Particulars | Net gain / (loss) on FVTOCI equity Investments | Total |
|---|---|---|
| **As at April 01, 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** |
| Other comprehensive income / (expense) during the year | | |
| Net gain on FVTOCI equity investments for the year | 375.81 | 375.81 |
| Income tax effect | (54.84) | (54.84) |
| **As at March 31, 2022** | **874.32** | **874.32** |

**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 previous 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 18.3 Dividend distribution made and proposed** (₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Cash dividends on equity shares declared and paid** | | |
| Final dividend for year ended March 31, 2021: ₹ 8 per share (March 31, 2020: ₹ 5 per share) | **124.34** | 77.71 |
| **Proposed dividends on equity shares** | | |
| Final cash dividend proposed for the year ended March 31, 2022: ₹ 10 per share (March 31, 2021: ₹ 8 per share) | **155.42** | 124.34 |

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at balance sheet date.

**Note 19 : Borrowings** (₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Short-term interest bearing borrowings** | | |
| **Secured** | | |
| From Bank- cash credit and overdraft accounts | **0.07** | 2.16 |
| **Total** | **0.07** | 2.16 |

**Security details**

Short term borrowings from banks as cash credit and overdraft accounts of ₹ 0.07 crore (March 31, 2021: ₹ 2.16 crores) are secured by first charge by way of hypothecation of inventories and trade receivables and all other movable assets, both present

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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 3.50% to 4.50% p.a.

**Note 20 : Trade payables** (₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| (A) Total outstanding dues of micro, small and medium enterprises | **28.14** | 23.22 |
| (B) Total outstanding dues of creditors other than micro, small and medium enterprises | **603.06** | 376.23 |
| **Total** | **631.20** | 399.45 |

- Refer Note 45 for Ageing of Trade payables as on March 31, 2022 and March 31, 2021.

(₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **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 | **28.14** | 23.22 |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year | **-** | - |
| (iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day | **-** | - |
| (iv) The amount of interest due and payable for the year | **-** | - |
| (v) The amount of interest accrued and remaining unpaid at the end of the accounting year | **-** | - |
| (vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | **-** | - |

Dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

**Note 21 : Other current financial liabilities** (₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Current** | | |
| **Other financial liabilities at amortised cost unless specified** | | |
| Liability towards capital grant received (net) (*) | **85.06** | 85.06 |
| Deposits / retention money from customers / vendors / others | **36.64** | 51.96 |
| Payable for capital goods @ | **28.90** | 28.62 |
| Rebate / discounts payable to customers | **44.19** | 40.16 |
| Liability towards employee benefit | **44.13** | 52.03 |
| Liability for Escrow Accounts $ | **165.62** | 37.46 |
| Unclaimed dividends # | **12.02** | 10.71 |
| Fair Value of Derivative contracts (at FVTPL) | **0.24** | 1.11 |
| Interest accrued but not due on borrowings | **0.03** | - |
| **Total** | **416.83** | 307.11 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Non - Current** | | |
| Retention money from vendors | **5.12** | 5.12 |
| **Total** | **5.12** | 5.12 |
| **Total other financial liabilities** | **421.95** | 312.23 |

* 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 ₹ 6.99 crores (March 31, 2021 : ₹ 1.00 crore) payable to Micro, Small and Medium Enterprises which have been determined to the extent such parties have been identified on the basis of information collected by the Management.

$ Escrow account liability represents amount received as Earnest Money Deposit & Tender fees against e-auction done on behalf of various local authorities of Government of Gujarat. Corresponding asset is disclosed in Note 15 as "Bank balances in escrow accounts".

# Not due for credit to "Investors Education and Protection Fund".

**(a) Disclosure with regards to changes in liabilities arising from financing activities as per Ind AS 7 Statement of Cash Flows:**

Disclosure of changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses) is as under:

(₹ Crores)

| Particulars | Borrowings (includes Current Maturities) and Interest accrued but not due | Unclaimed Dividend | Derivatives | Total |
|---|---|---|---|---|
| **As on April 01, 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** |
| Net Cash Flow | (1.63) | (123.03) | (5.61) | (130.27) |
| Changes in Fair Value | - | - | 4.74 | 4.74 |
| Charged to P&L during the year | 1.66 | - | - | 1.66 |
| Dividend recognised during the year | - | 124.34 | - | 124.34 |
| **As on March 31, 2022** | **0.03** | **12.02** | **0.24** | **12.29** |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 22 : Provisions (Non-current)** (₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Provision for leave encashment | **188.53** | 197.81 |
| Provision for post retirement medical benefit (refer Note 41) | **66.01** | 62.42 |
| Provision for contingencies * | **55.70** | - |
| **Total** | **310.24** | 260.23 |

* These provisions represent estimates made mainly for probable claims arising out of litigations / disputes pending with authorities under various statutes (Excise duty) and with other parties. The probability and the timing of the outflow with regard to these matters depend on the final outcome of the litigations/disputes. Hence, the Company is not able to reasonably ascertain the timing of the outflow. The movement of other provision is as under:

(₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Opening balance** | **-** | - |
| Provision made during the year | **55.70** | - |
| Amount utilised / reversed during the year | **-** | - |
| **Closing balance** | **55.70** | - |

**Note 23 : Government grant (Deferred Income)** (₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Current** | | |
| Grant from Government of India (refer note a) | **60.65** | 60.65 |
| Government grant of Export Promotion Capital Grant (EPCG) (refer note b) | **6.24** | 5.93 |
| **Total** | **66.89** | 66.58 |
| **Non Current** | | |
| Grant from Government of India (refer note a) | **636.86** | 697.51 |
| Other Government grant | **0.93** | 1.00 |
| **Total** | **637.79** | 698.51 |
| **Total government grant (deferred income)** | **704.68** | 765.09 |

**(a) Movement in Grant from Government of India** (₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Opening** | **758.16** | 818.81 |
| Amortised to statement of profit and loss | **(60.65)** | (60.65) |
| **Closing** | **697.51** | 758.16 |

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

₹ 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, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Opening** | **5.93** | 1.85 |
| Add: New EPCG license received during the year. | **0.86** | 6.08 |
| Less: Amortised to statement of profit and loss | **(0.55)** | (2.00) |
| **Closing** | **6.24** | 5.93 |

**Note 24 : Other liabilities** (₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Statutory and other liabilities | **99.79** | 59.53 |
| Other current liabilities (Refer Note 43 (A)) | **36.97** | 33.89 |
| Contract liabilities (including advance from customers) | **24.80** | 15.14 |
| **Total other liabilities** | **161.56** | 108.56 |

**Note 25 : Provisions (current)** (₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Provision for leave encashment | **34.23** | 31.30 |
| Provision for post retirement medical benefit (Refer Note 41) | **2.21** | 2.02 |
| Provision for contingencies ** | **1.59** | 1.60 |
| **Total** | **38.03** | 34.92 |

** The Company had created a contingency provision for possible contractual obligation of IT business. The movement of other provision is as under:

(₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Opening balance** | **1.60** | 3.04 |
| Provision made during the year | **-** | - |
| Amount utilised / reversed during the year | **(0.01)** | (1.44) |
| **Closing balance** | **1.59** | 1.60 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 26 : Income Tax**

The major component of income tax expenses for the year ended March 31, 2022 and March 31, 2021 are as under

**a) Statement of Profit and Loss Section** (₹ Crores)

| Particulars | | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| **Current Income tax** | | | |
| Current tax charges | A | **615.66** | 277.96 |
| Adjustments in respect of current income tax of earlier years (refer note (h) below) | B | **2.14** | - |
| Excess tax provision write back of earlier years (refer note (h) below) | C | - | (0.09) |
| **Deferred Tax** | | | |
| - Relating to origination and reversal of temporary differences | D | **(23.50)** | (18.77) |
| **Tax Expense reported in the Statement of Profit and Loss** | A + B + C + D | **594.30** | 259.10 |
| **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 | | **(4.97)** | (5.91) |
| - Unrealised gain / loss on FVTOCI equity investments, (charge) / credit | | **(54.84)** | (46.54) |
| | | **(59.81)** | (52.45) |

**b) Balance Sheet Section**

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Liabilities for current tax (net) | **36.10** | 41.16 |
| Income tax assets (net) | **(9.77)** | (9.77) |
| **Net Tax Provision Outstanding** | **26.33** | 31.39 |

**c) Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2022 and March 31, 2021** (₹ Crores)

| Particulars | Year ended March 31, 2022 | | Year ended March 31, 2021 | |
|---|---|---|---|---|
| | % | Amount | % | Amount |
| **Profit Before tax** | | **2,298.05** | | 948.31 |
| **Tax using domestic tax rate for Company** | **25.17%** | **578.37** | 34.94% | 331.38 |
| **Tax Effect of:** | | | | |
| Income exempted from tax | **(0.05%)** | **(1.22)** | (0.43%) | (4.12) |
| Deduction u/s 80IA | **-** | **-** | (7.11%) | (67.44) |
| Non-deductible expenses | **0.10%** | **2.37** | 0.19% | 1.79 |
| Sale of assets | **0.01%** | **0.24** | 0.05% | 0.52 |
| Right of Use Asset - Ind AS 116 | **(0.01%)** | **(0.18)** | (0.04%) | (0.35) |
| Adjustment in depreciation net book value of assets | **0.02%** | **0.52** | 0.21% | 1.98 |
| Reversal of deferred tax liability on account of Change in tax rate | **0.22%** | **5.16** | (0.52%) | (4.94) |
| Interest u/s 234C | **0.34%** | **7.75** | 0.69% | 6.52 |
| Other adjustments | **(0.04%)** | **(0.85)** | (0.65%) | (6.15) |
| **Effective tax rate and tax** | **25.77%** | **592.16** | 27.33% | 259.19 |
| **Adjustments in respect of Current Income Tax of earlier years** | **0.09%** | **2.14** | - | - |
| **Excess tax provision write back of earlier years** | **-** | **-** | (0.01%) | (0.09) |
| **Tax expenses as per Books** | **25.86%** | **594.30** | 27.32% | 259.10 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**d) Deferred Tax Liability (net)** **(₹ Crores)**

| Particulars | Balance Sheet as at | | Statement of Profit and Loss | |
|---|---|---|---|---|
| | March 31,2022 | March 31,2021 | Year ended March 31,2022 | Year ended March 31,2021 |
| (Liability) on Accelerated depreciation for tax purpose | **(562.60)** | (605.66) | **(43.06)** | (44.53) |
| Assets on provision for Leave encashment | **54.09** | 59.42 | **5.33** | 10.13 |
| Assets on deferred government grant of ASGP | **175.55** | 196.74 | **21.19** | 27.13 |
| Assets on deferred government grant of EPCG | **1.57** | 2.07 | **0.50** | (2.04) |
| Assets on Provision for doubtful debts and advances | **30.52** | 21.59 | **(8.93)** | (8.00) |
| (Liability) on equity investment FVTOCI | **(123.96)** | (69.12) | **54.84** | 46.54 |
| Assets on other adjustments | **2.58** | 4.05 | **1.47** | (1.46) |
| | **(422.25)** | (390.91) | **31.34** | 27.77 |

**e) Deferred tax liabilities reflected in the balance sheet as follows** **(₹ Crores)**

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Deferred tax liabilities | **422.25** | 390.91 |
| Less :Tax credit entitlement under MAT | **-** | - |
| **Deferred tax liabilities (net)** | **422.25** | 390.91 |

**f) Reconciliation of deferred tax liabilities (net)** **(₹ Crores)**

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Opening balance as of April 01** | **390.91** | 316.08 |
| Tax (credit) during the period recognised in statement of profit and loss | **(23.50)** | (18.77) |
| Tax charge during the period recognised in OCI | **54.84** | 46.54 |
| Utilisation of MAT credit entitlement | **-** | 47.06 |
| **Closing balance as of March 31** | **422.25** | 390.91 |

**g)** During the current year, the Company has decided to exercise the option permitted under section 115BAA of the Income Tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019 under which domestic companies have the option to pay income tax at lower rate ("New tax rate") subject to the giving up of certain incentives and deductions. Accordingly, the provision for current tax for the current year ended on March 31, 2022 of ₹ 615.66 crores is measured at the New tax rate.

Further, in the Financial Year 2019-2020, deferred tax balances were re-measured using the tax rate expected to be prevalent in the period in which the deferred tax balances are expected to reverse. Therefore, there is no material impact on the deferred tax in the current year ended March 31, 2022 due to rate change.

**h)** Adjustment in respect of current income tax of earlier years of ₹ 2.14 crores represents differential tax liability for FY 2020-21 at the time of filling of return of income compared to the provision made in books of accounts.

Further, 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 ₹ NIL (previous year ₹ 0.09 crores) related with earlier years has been written back in the books.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 27 : Revenue from operations** (₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **27.1** | | |
| **Sale of products** | | |
| Own products (refer below note 27.2) | **8,530.18** | 5,038.59 |
| Traded products | **27.40** | 15.14 |
| | **8,557.58** | 5,053.73 |
| **Rendering of services** | **65.88** | 58.44 |
| **Other operating revenue** | | |
| Export incentive | **2.07** | 4.29 |
| Recovery of administrative charges (Fly Ash) | **7.48** | 7.29 |
| Sale of scrap / surplus / unserviceable materials | **9.28** | 4.94 |
| | **18.83** | 16.52 |
| **Total** | **8,642.29** | 5,128.69 |
| **27.2 - 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 | **1,775.82** | 992.64 |
| - Pertaining to earlier year recognised during current year | **66.63** | 47.61 |
| **Total** | **1,842.45** | 1,040.25 |
| **27.3 - Timing of revenue recognition** | | |
| Goods transferred / services rendered at point in time | **8,604.60** | 5,104.40 |
| Services transferred over time | **37.69** | 24.29 |
| **Total** | **8,642.29** | 5,128.69 |

**27.4** There are no inter-segment transfers in case of revenue from contracts with customers, accordingly no reconciliation is required with amounts disclosed in the segment information.

**27.5** Reconciliation of amounts of revenue recognized in the statement of profit and loss with the contracted price.

(₹ Crores)

| Particulars | | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| Gross Revenue as per contracted price with customer | | **7,105.39** | 4,352.17 |
| **Adjustments:** | | | |
| Rebates / discounts / incentives | | **(278.96)** | (233.59) |
| Dealer's margin | | **(26.59)** | (30.14) |
| **Net Revenue as per contracted price with customer** | **A** | **6,799.84** | 4,088.44 |
| **Subsidy income from Government of India** | **B** | **1,842.45** | 1,040.25 |
| **Total Revenue from operations** | **A+B** | **8,642.29** | 5,128.69 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 28 : Other income** (₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Grant income | **61.27** | 62.65 |
| Interest income * @ | **119.17** | 85.94 |
| Lease rental income | **7.81** | 9.43 |
| Unclaimed liabilities / excess provision for doubtful debt written back | **6.00** | 6.04 |
| Dividend income ** | **4.85** | 11.80 |
| Profit on sale of property, plant & equipments (net of losses) | **0.11** | 0.02 |
| Insurance claim | **2.21** | 4.51 |
| Fair valuation gain on investments measured at FVTPL (net) | **0.54** | - |
| Gain on sale of investments carried at FVTPL | **0.12** | 43.88 |
| Gain on Lease modification/ termination (net of losses) *** | **-** | 0.02 |
| Miscellaneous income | **7.34** | 12.94 |
| **Total** | **209.42** | 237.23 |

* Including ₹ 9.46 crores (previous year ₹ 9.57 crores) on FVTPL Financial Assets.
@ Includes Nil (previous year ₹ 0.31 crore) interest on income tax refunds.
** Including ₹ 4.72 crores (previous year ₹ 11.68 crores) on FVTOCI Financial Assets.
*** Amount for the current year is nullified on conversion to ₹ crores.

**Note 29: Cost of raw materials consumed** (₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Inventory at the beginning of the year | **186.69** | 191.99 |
| Add : Purchases | **4,074.84** | 2,219.53 |
| | **4,261.53** | 2,411.52 |
| Less : Inventory at the end of the period | **362.44** | 186.69 |
| **Total** | **3,899.09** | 2,224.83 |

**Note 30 : Changes in inventories of finished goods, work-in-progress and traded goods** (₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Inventory at the beginning 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 |
| **Inventory at the end of the period** | | |
| Work-in-progress | **38.58** | 36.79 |
| Finished goods | **80.04** | 113.26 |
| Traded goods | **14.82** | 2.22 |
| | **133.44** | 152.27 |
| **Total** | **18.83** | 68.53 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 31 : Employee benefits expense** (₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Salaries and wages | **343.64** | 333.29 |
| Contribution to provident and pension fund (refer Note 41) | **43.23** | 43.28 |
| Contribution and provision towards gratuity (refer Note 41) | **16.80** | 17.27 |
| Employees' welfare expenses | **64.26** | 57.63 |
| **Total** | **467.93** | 451.47 |

**Note 32 : Finance costs** (₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Interest on borrowings | **0.43** | 16.46 |
| Interest others | **1.08** | 1.83 |
| Bank charges and commission | **1.80** | 1.52 |
| Interest on lease liability (refer Note 39) | **0.15** | 0.14 |
| **Total** | **3.46** | 19.95 |

**Note 33 : Depreciation and amortization** (₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Depreciation on property, plant and equipment (refer Note 4) | **286.35** | 267.95 |
| Depreciation on investment property (refer Note 6) | **0.42** | 0.43 |
| Amortization on intangible assets (refer Note 7) | **3.96** | 2.95 |
| Depreciation on RoU assets (refer Note 39) | **0.96** | 0.97 |
| **Total** | **291.69** | 272.30 |

**Note 34 : Other expenses** (₹ Crores)

| Particulars | Year Ended March 31, 2022 | | Year Ended March 31, 2021 | |
|---|---|---|---|---|
| Stores, chemicals and catalysts | | **146.44** | | 123.31 |
| Packing expenses | | **89.33** | | 69.47 |
| Insurance | | **35.06** | | 36.73 |
| Repairs and maintenance : | | | | |
| - Building | **9.00** | | 7.02 | |
| - Plant and equipment | **131.31** | | 102.41 | |
| - Others | **6.10** | **146.41** | 5.77 | 115.20 |
| Material handling expenses | | **10.38** | | 10.14 |
| Outward freight and other charges | | **83.36** | | 91.63 |
| Sales promotion expenses | | **2.02** | | 2.23 |
| Selling commission | | **0.30** | | - |
| Rates & taxes | | **4.16** | | 3.53 |
| Operating lease Rent | | **4.01** | | 4.47 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 34 : Other expenses (Contd...)** (₹ Crores)

| Particulars | | Year Ended March 31, 2022 | | Year Ended March 31, 2021 |
|---|---|---|---|---|
| Printing & stationery, communication and advertisement expense | | **2.47** | | 2.27 |
| Traveling and conveyance expenses | | **1.68** | | 1.45 |
| Fire fighting, safety and security expenses | | **8.30** | | 7.94 |
| Electricity charges | | **2.20** | | 2.57 |
| Professional and consultancy charges | | **2.88** | | 2.77 |
| Payment for contract services | | **16.31** | | 14.40 |
| Exchange variance on monetary items | | **2.91** | | 2.82 |
| Director's fees | | **0.15** | | 0.10 |
| Payment to auditors (refer note (a) below) | | **0.41** | | 0.43 |
| Contributions towards Corporate Social Responsibilities (refer Note 40) | | **9.43** | | 20.26 |
| Premium on forward contracts | | **5.61** | | 4.45 |
| Provision for doubtful debts / advances | | **7.20** | | 17.88 |
| Provision for excess inventory | | **13.00** | | 7.90 |
| Bad debts written off | | **0.32** | | 0.72 |
| Provision for Contingencies | | **55.70** | | - |
| Fair valuation loss on investments measured at FVTPL (net) | | **-** | | 0.92 |
| Inventory Written off | **0.99** | | 1.85 | |
| Less: Utilization of Provision for Inventory obsolescence | **(0.87)** | **0.12** | (1.45) | 0.40 |
| Assets written off | | **1.05** | | 1.52 |
| Miscellaneous expenses * | | **39.59** | | 32.48 |
| **Total** | | **690.80** | | 577.99 |

* It includes ₹ 24.32 crores (previous year ₹ 19.88 crores) related to by-product & waste handling expense.

**(a) Payment to auditors includes following :** **(₹ Crores)**

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| **Payments to Statutory Auditors comprise:** | | |
| **(Net of GST Input Credit, where applicable)** | | |
| **As auditor:** | | |
| (i) Statutory Audit Fees | **0.13** | 0.16 |
| (ii) Limited review Fees | **0.11** | 0.15 |
| **In other capacity:** | | |
| (i) Certification fees | **0.16** | 0.10 |
| (ii) Others | **-** | - |
| **Reimbursement of Expenses** | **0.01** | 0.02 |
| **Total** | **0.41** | 0.43 |

The above Includes ₹ 0.14 crore paid to previous auditor during the year ended March 31, 2022.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### Note 35 : Earning per share

| Particulars | Unit | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| Net profit after tax | ₹ Crore | **1,710.41** | 696.95 |
| 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 | ₹ | **110.05** | 44.84 |

### Note 36 : Contingent liabilities and other commitments (to the extent not provided for)

(₹ Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **(A) Contingent liabilities** | | |
| (i) Claims against the Company not acknowledged as debts (In the nature of business contractual claims) | **254.91** | 274.24 |
| (ii) Income tax assessment orders contested | **143.10** | 45.06 |
| (iii) Demands in respect of Central Excise Duty, Custom Duty, Service Tax, GST and Value Added Tax as estimated by the Company | **153.00** | 166.08 |
| **Total contingent liabilities** | **551.01** | 485.38 |
| 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)** | **162.68** | 103.23 |
| **(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. | **120.97** | 106.41 |
| **Total other commitments** | **120.97** | 106.41 |

### Note 37 : Related party disclosures

Related party disclosures, as required by Ind AS-24, "Related Party Disclosures", are given below: **(₹ Crores)**

| Name of the Company | Nature of Relationship | Nature of Transactions | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|---|---|
| Gujarat Green Revolution Company Limited | Associate | Sale of goods and services | **- *** | - * |
| | | Dividend received | **0.13** | 0.13 |
| 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 |

* 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**(Amount ₹)**

| Name of the Person | Nature of Relationship | Nature of Transactions | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|---|---|
| Shri Pankaj Kumar, IAS - Chairman @ (From 07.09.2021) | Key Management Personnel | Sitting Fees | **52,500** | - |
| Shri Anil Mukim, IAS - Chairman @ (upto 03.09.2021) | Key Management Personnel | Sitting Fees | **35,000** | 62,500 |
| Smt. Mamta Verma, IAS - Director @ | Key Management Personnel | Sitting Fees | **1,92,500** | 1,10,000 |
| Shri Mukesh Puri, IAS - Director @ (From 07.01.2021) | Key Management Personnel | Sitting Fees | **1,75,000** | 32,500 |
| Shri J P Gupta, IAS - Director @ (From 20.12.2021) | Key Management Personnel | Sitting Fees | **35,000** | - |
| Smt. Gaurikumar, IAS (Rtd.) - Director | Key Management Personnel | Sitting Fees | **2,97,500** | 1,90,000 |
| Prof. Ranjan Kumar Ghosh - Director (From 29.10.2020) | Key Management Personnel | Sitting Fees | **2,97,500** | 67,500 |
| Shri Bhadresh Mehta (From 29.12.2021) | Key Management Personnel | Sitting Fees | **87,500** | - |
| Dr. N. Ravichandran, Director (From 29.12.2021) | Key Management Personnel | Sitting Fees | **87,500** | - |
| Prof. Piyushkumar Sinha, Director (From 08.03.2022) | Key Management Personnel | Sitting Fees | **17,500** | - |
| Shri Sunil Parekh - Director (upto 30.09.2021) | Key Management Personnel | Sitting Fees | **2,10,000** | 3,72,500 |
| Prof. Arvind Sahay (upto 30.09.2020) | Key Management Personnel | Sitting Fees | **-** | 75,000 |
| Shri Arvind Agarwal, IAS (Rtd.)* (From 10.06.2020 to 07.12.2020) | Key Management Personnel | Sitting Fees | **-** | 60,000 |
| Shri Pankaj Joshi, IAS - Managing Director (From 16.07.2020) | Key Management Personnel | Managerial remuneration | **74,29,187 **** | 68,68,532 ** |
| Shri M S Dagur, IAS - Managing Director (upto 15.07.2020) | Key Management Personnel | Managerial remuneration | | |
| Shri D V Parikh (ED & CFO) | Key Management Personnel | Remuneration | | |
| Shri A C Shah (GM & CS) | Key Management Personnel | Remuneration | | |

@ Amount deposited in Government Treasury

* ₹ 60,000/- Outstanding payable as on March 31, 2021.

** ₹ 0.06 Lakh Outstanding payable as on March 31, 2022 (₹ 0.05 Lakh as on March 31, 2021).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 38 : 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, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Personnel expenses | **2.03** | 1.44 |
| Consumables and spares | **0.10** | 0.04 |
| Power and fuel consumption | **0.09** | 0.06 |
| **Total research and development expenses** | **2.22** | 1.54 |

**Note 39 : Leases:**

**Company as a lessee**

The Company has taken various land, warehouses, godowns, guest houses, office premises and vehicles used in its operations. These are generally cancellable having a term between one to three year extendable for further period as per the terms of rental agreements.

The Company also has certain leases of warehouses, godowns, office premises and vehicles with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised as per Ind AS 116 and the movements during the period:

(₹ 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** |
| Additions | - | 0.84 | - | 0.84 |
| Deletion / Termination | - | (0.21) | - | (0.21) |
| Depreciation for the year | (0.02) | (0.94) | - | (0.96) |
| Dep on Disposals / termination | - | 0.13 | - | 0.13 |
| **As at March 31, 2022** | **0.23** | **1.40** | **-** | **1.63** |

Set out below are the carrying amounts of lease liabilities and the movements during the period:

(₹ Crores)

| Particulars | Amount |
|---|---|
| **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** |
| Additions | 0.84 |
| Accretion of interest | 0.15 |
| Payments | (1.10) |
| Lease termination | (0.09) |
| **As at March 31, 2022** | **1.70** |
| **Current** | **0.73** |
| **Non-Current** | **0.97** |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

The maturity analysis of lease liabilities are disclosed in Note 49.

The effective interest rate for lease liabilities is 8.70%, with maturity between 2020-2049

The following are the amounts recognised in Statement of profit and loss: (₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Depreciation expense of right-of-use assets | **0.96** | 0.97 |
| Interest expense on lease liabilities | **0.15** | 0.14 |
| Expense relating to short-term leases (included in other expenses) | **4.01** | 4.47 |
| **Total amount recognised in profit and loss** | **5.12** | 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, 2022 | As at March 31, 2021 |
|---|---|---|
| Not later than one year | **0.87** | 0.66 |
| Later than one year not later than five years | **0.79** | 0.93 |
| Later than Five years | **-** | - |
| **Total** | **1.66** | 1.59 |

**Note 40: Corporate social responsibility** (₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| A) Gross amount required to be spent by the Company during the year | **14.40** | 16.01 |
| B) Amount spent during the year on | | |
| (I) Construction/acquisition of any asset | **-** | - |
| (II) On purposes other than (I) above (Refer below note (a & b)) | **10.15** | 20.26 |
| C) Shortfall / (excess) at the end of the year before set off | **4.25** | (4.25) |
| D) Amount available for set off for the year | **4.25** | - |
| E) Shortfall / (excess) at the end of the year after set off | **-** | (4.25) |
| F) Reason for shortfall | **NA** | NA |
| G) Nature of CSR activities | **Refer below note (c)** | Refer below note (c) |
| H) Details of related party transactions in relation to CSR expenditure as per Ind AS 24, Related Party Disclosures (Refer below note (d)) | **9.43** | 10.26 |

**Note (a) :**

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 had 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(CSR) wherein it was inter alia clarified that "Chief Minister's Relief Fund" or "State Relief Fund" for COVID19 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 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 previous year.

**Note (b) :**

Includes ₹ 0.72 crore expenditure incurred for supply of Oxygen to various hospitals at Free of Cost.

**Note (c) :**

CSR Expenditure incurred for various activities like Women empowerment, Rural development, Livelihood enhancement, Promoting gender equality, education, Preventive healthcare and sanitation, Disaster management, Support to armed force etc.

**Note (d) :**

Represents contribution to Narmadanagar Rural Development Society (NARDES), a CSR Arm controlled by the Company to undertake various CSR activities.

**Note 41: Gratuity and other post employment benefit plans:**

**A. Defined contribution plans:**

Amount of ₹ **43.23** crores (March 31, 2021: ₹ 43.28 crores) is recognised as expenses and included in Note No. 31 "Employee benefit expense"

**(₹ Crores)**

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Provident fund | **23.42** | 23.18 |
| Contribution to pension scheme | **19.81** | 20.10 |
| | **43.23** | 43.28 |

**B. Defined benefit plans:**

The Company has following post employment benefits which are in the nature of defined benefit plans:

(a) Gratuity

(b) Post retirement medical benefit

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity as per payment of Gratuity Act, 1972. The Scheme is funded with Gratuity Trust, which in turn makes contribution to Life Insurance Corporation of India (LIC) in the form of qualifying insurance policy for future payment of gratuity to the employees.

Each year the management reviews the level of funding in the gratuity fund. Such review includes the asset - liability matching strategy. The management decides its contributions based on the results of this review. The management aims to keep annual contributions relatively stable at a level such that no plan deficit (based on valuation performed) will arise.

The plan for the Post retirement medical benefit is unfunded.

The following table summarises the components of net benefit expense recognised in statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### March 31, 2022 : Changes in defined benefit obligations and plan assets

(₹ Crores)

| | | Cost charged to statement of profit and loss | | | | Remeasurement gains/(losses) in other comprehensive income (OCI) | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **April 01, 2021** | Service cost | Net interest expense | Sub-total included in statement of profit and loss | Benefit paid | Return on plan assets (excluding amounts included in net interest expense) | Actuarial changes arising from changes in demographic assumptions | Actuarial changes arising from changes in financial assumptions | Experience adjust-ments | Sub-total included in OCI | Contributions by employer | **March 31, 2022** |
| **Gratuity** | | | | | | | | | | | | |
| Defined benefit obligation | (309.31) | (16.80) | (21.25) | (38.05) | 35.31 | - | (0.07) | 8.85 | 10.38 | 19.16 | - | **(292.89)** |
| Fair value of plan assets | 309.31 | - | 21.25 | 21.25 | (35.31) | 0.56 | - | - | - | 0.56 | - | **295.81** |
| **Benefit (liability) / Assets** | **-** | **(16.80)** | **-** | **(16.80)** | **-** | **0.56** | **(0.07)** | **8.85** | **10.38** | **19.72** | **-** | **2.92** |
| **Post retirement medical benefit** | | | | | | | | | | | | |
| Defined benefit obligation | (64.44) | (3.12) | (4.45) | (7.57) | 3.74 | - | (7.18) | 5.29 | 1.94 | 0.05 | - | **(68.22)** |
| Fair value of plan assets | - | - | - | - | - | - | - | - | - | - | - | **-** |
| **Benefit (liability) / Assets** | **(64.44)** | **(3.12)** | **(4.45)** | **(7.57)** | **3.74** | **-** | **(7.18)** | **5.29** | **1.94** | **0.05** | **-** | **(68.22)** |

### 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)** | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **April 01, 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 adjust-ments | Sub-total included in OCI | Contributions by employer | **March 31, 2021** |
| **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) |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**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, 2022 | Year ended March 31, 2021 |
|---|---|---|
| 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, 2022 | Year ended March 31,2021 | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Discount rate | **7.27%** | 6.87% | **7.40%** | 6.91% |
| Future salary increase | **9% and 7% as per category** | 9% and 7% as per category | **N.A** | N.A |
| Medical Inflation Rate | **N.A** | N.A | **5.00%** | 5.00% |
| Expected rate of return on plan assets | **7.27%** | 6.87% | **N.A** | N.A |
| Employee Turnover Rate | **10% and 1% as per category** | 12% and 1% as per category | **1.00%** | 1.00% |
| Mortality rate during employment | **Indian Assured Lives Mortality (2012-14) (Urban)** | Indian Assured Lives Mortality (2006-08) Ultimate | **Indian Assured Lives Mortality (2012-14) (Urban)** | Indian Assured Lives Mortality (2006-08) Ultimate |
| Mortality rate after employment | **N.A** | N.A | **Indian Individual AMT (2012-15)** | Indian Assured Lives Mortality (2006-08) Ultimate |

**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, 2022 | Year ended March 31,2021 | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Discount rate | 1% increase | **(19.85)** | (20.72) | **(9.04)** | (8.39) |
| | 1% decrease | **23.25** | 24.17 | **11.54** | 11.59 |
| Salary increase | 1% increase | **23.08** | 23.89 | **N.A** | N.A |
| | 1% decrease | **(20.07)** | (20.87) | **N.A** | N.A |
| Medical cost inflation | 1% increase | **N.A** | N.A | **11.71** | 11.70 |
| | 1% decrease | **N.A** | N.A | **(9.30)** | (8.60) |
| Employee turnover | 1% increase | **0.64** | (0.07) | **(3.00)** | (2.81) |
| | 1% decrease | **(0.76)** | 0.05 | **3.60** | 4.19 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**The followings are the expected future benefit payments for the defined benefit plan :** (₹ Crores)

| Particulars | Gratuity | | Post retirement medical benefit | |
|---|---|---|---|---|
| | Year ended March 31, 2022 | Year ended March 31,2021 | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Within the next 12 months (next annual reporting period) | **37.17** | 37.72 | **2.21** | 2.02 |
| Between 2 and 5 years | **113.63** | 118.66 | **11.72** | 10.92 |
| Between 6 and 10 years | **126.40** | 131.42 | **21.37** | 20.55 |
| **Total expected payments** | **277.20** | 287.80 | **35.30** | 33.49 |

**Weighted average duration of defined plan obligation (based on discounted cash flows)** (Years)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Gratuity | **9** | 9 |
| 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, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Gratuity | **12.95** | 15.98 |
| Post retirement medical benefit | **-** | - |

### Note 42: Investments in Subsidiary and Associates

| Name of Entity | Relationship | Place of Business | Ownership | |
|---|---|---|---|---|
| | | | March 31, 2022 | March31, 2021 |
| Gujarat Ncode Solutions Limited * | Subsidiary | India | **NIL** | 100.00% |
| Gujarat Green Revolution Company Limited | Associate | India | **46.87%** | 46.87% |

* The Name of the Company's wholly owned subsidiary – "Gujarat Ncode Solutions Limited", has been strike off by the Register of Companies vide its Order dated September 25, 2021.

Note: Method of accounting of investments in subsidiary and associate company is at cost.

**(b) Additional information as required by paragraph 2 of the 'General instruction for preparation of Consolidated Financial Statements' to schedule III to the Companies Act, 2013:**

| Particulars | Net Asset (i.e Total Asset - Total Liabilities) | | Share of Profit or Loss | | Share in other Comprehensive income | |
|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount (₹ Crores) | As % of consolidated profit and loss | Amount (₹ Crores) | As % of consolidated other comprehensive income | Amount (₹ Crores) |
| **Parent** | | | | | | |
| Gujarat Narmada Valley Fertilizers and Chemicals Limited | | | | | | |
| **- Balance as at March 31, 2022** | **98.44%** | **5,820.34** | **99.61%** | **1,703.75** | **100.00%** | **335.76** |
| - Balance as at March 31, 2021 | 98.59% | 5,982.42 | 98.89% | 689.21 | 100.00% | 149.67 |
| **Indian subsidiary** | | | | | | |
| Gujarat Ncode solutions Limited | | | | | | |
| **- Balance as at March 31, 2022** | **0.00%** | **Nil** | **0.00%** | **Nil** | **0.00%** | **Nil** |
| - Balance as at March 31, 2021 | 0.00% | Nil | 0.00% | Nil | 0.00% | Nil |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

| Particulars | Net Asset (i.e Total Asset - Total Liabilities) | | Share of Profit or Loss | | Share in other Comprehensive income | |
|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount (₹ Crores) | As % of consolidated profit and loss | Amount (₹ Crores) | As % of consolidated other comprehensive income | Amount (₹ Crores) |
| **Indian associate** | | | | | | |
| Gujarat Green Revolution Company Limited | | | | | | |
| - **Balance as at March 31, 2022** | **1.56%** | **92.44** | **0.39%** | **6.66** | **0.00%** | **Nil** |
| - Balance as at March 31, 2021 | 1.41% | 85.78 | 1.11% | 7.74 | 0.00% | Nil |
| **Total** | | | | | | |
| - **Balance as at March 31, 2022** | **100.00%** | **5,912.78** | **100.00%** | **1,710.41** | **100.00%** | **335.76** |
| - Balance as at March 31, 2021 | 100.00% | 6,068.20 | 100.00% | 696.95 | 100.00% | 149.67 |

### (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, 2022 | As at March 31, 2021 |
|---|---|---|
| Current assets | **589.31** | 608.14 |
| Non-current assets | **11.76** | 11.18 |
| Current liabilities | **(403.20)** | (435.74) |
| Non-current liabilities | **(0.64)** | (0.57) |
| **Equity** | **197.23** | 183.01 |
| Proportion of the group's ownership | **46.87%** | 46.87% |
| Carrying amount of the group's investment | **92.44** | 85.78 |

(₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Revenue | **29.92** | 33.73 |
| Changes in inventories of finished goods | **-** | - |
| Depreciation & amortization | **(0.68)** | (0.72) |
| Finance cost | **(0.04)** | - |
| Employee benefit | **(6.64)** | (6.97) |
| Other expenses | **(3.14)** | (3.29) |
| **Profit before Tax** | **19.42** | 22.75 |
| Income tax expense | **(5.01)** | (5.95) |
| Profit for the year | **14.41** | 16.80 |
| Total Comprehensive income for the year | **14.41** | 16.80 |
| **Group's share of profit for the year** | **6.75** | 7.87 |
| **Group's share of other comprehensive income for the year** | **-** | - |

* Amount nullified on conversion to ₹ crores.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**NOTE: 43 (A)**

In earlier year, Hon'ble High Court of Gujarat has sanctioned the Scheme of Arrangement and Demerger for transfer of V-SAT/ ISP Gateway Business of the Company to ING Satcom Ltd., an unlisted Company against cash consideration of ₹ 6 crores vide its Common Oral Order dated June 15, 2012.

The "Appointed Date" of the Scheme is 1st April, 2010.

Subsequent to the Order passed by the Hon'ble High Court of Gujarat, sanctioning the Scheme of Demerger, two separate applications for transfer of V-SAT and ISP Gateway Licences standing in the name of the Company to the name of Transferee Company viz. ING Satcom Limited were submitted to Department of Telecommunications (DOT) on January 31, 2013 which are still pending for approval before DOT.

As per the legal opinion taken by the Company from the consultant, though the Scheme has been sanctioned by the Hon'ble High Court of Gujarat and has become effective, the scheme is subject to and conditional upon the approval of the Government Authorities for transfer of Licences from the Company to ING Satcom Limited.

During the year 2014-15, an agreement-Cum-Indemnity Bond was executed on 12.04.2014 between the Company and ING Satcom Limited whereby, pending transfer of Licences, the assets of demerged business (other than Licences) have been handed over to ING Satcom Limited subject to certain terms and conditions, inter alia, including the terms of settling the transaction under different eventualities of rejection of transfer applications / non-transfer of Licences by 31.12.2014.

Since disposal of applications for transfer of Licences in the name of ING Satcom Limited by the competent authorities as well as settlement of transaction between the Company and ING Satcom Limited are still pending, no accounting treatment is given in the books of account of the Company since 2014-15 till the Financial Year ended 31.03.2022.

Necessary accounting treatment will be given in the books of accounts of the Company either on disposal of applications for transfer of Licences in the name of ING Satcom Limited by the competent authorities or on finalization of settlement of transaction with ING Satcom Limited. The amount received is classified under other current liabilities (refer Note 24).

**NOTE: 43(B) - Demand Notice from Department of Telecommunication (DoT)**

During the year ended March 31, 2020, 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, towards the license fee (including of interest and penalty computed till March 31, 2020) 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 interest and penalty). The Company has made representations to the DoT against the said demand notices.

The Company has evaluated the assessment made by DoT for raising the above demand notices based on the Adjusted Gross Revenue (AGR) judgement of Hon'ble Supreme Court of India on October 24, 2019. Aggrieved by the above demands, the Company had submitted various representations dated January 06, 2020, February 21, 2020, April 03, 2020 and March 04, 2022 to the DoT requesting reconsideration and withdrawal of the Demands raised by the DoT including the revenues of the Company from Fertilizers and Chemicals Business which is completely unconnected to VSAT and ISP Licenses.

Hon'ble Supreme Court vide its Order dated June 11, 2020 directed DoT to reconsider the demand raised on Public Sector Undertakings ("PSUs"), which are not in business of mobile services to the general public.

Recently, the Telecom Disputes Settlement & Appellate Tribunal (TDSAT), in its Order dated 28th February, 2022 in the case of Netmagic Solutions Pvt. Ltd., a private limited Company, held that that there is no scope to differentiate between two sets of licensees having same or similar Licenses only on the basis of their ownership, private or public and set aside the demand raised by the DoT.

Based on the legal assessment in consultation with Senior Advocates, the Company believes that it has strong grounds on merits to contest the demand raised by the DoT and defend itself in the matter. Accordingly, the Company is of the view that no provision is required in respect of this matter.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 44: Ageing for trade receivables**

**44.1 : Ageing for trade receivables as at March 31, 2022 is as follows :** (₹ Crores)

| Particulars | Not due | Outstanding for following periods from due date of payment: Less than 6 Months | 6 months to 1 year | 1 to 2 years | 2 to 3 years | more than 3 years | Grand Total |
|---|---|---|---|---|---|---|---|
| **Trade Receivables** | | | | | | | |
| Undisputed, considered Good | 108.51 | 18.09 | 6.59 | 3.38 | 1.74 | - | 138.31 |
| Undisputed, Credit Impaired | - | - | - | - | 1.84 | 4.01 | 5.85 |
| Disputed, considered Good | - | 0.13 | 1.01 | 3.78 | 2.03 | 0.02 | 6.97 |
| Disputed, Credit Impaired | - | - | - | - | 1.95 | 10.83 | 12.78 |
| **Subsidy receivable** | | | | | | | |
| Undisputed, considered Good | - | 479.82 | - | - | - | - | 479.82 |
| Disputed, Credit Impaired | - | - | - | - | - | 0.95 | 0.95 |
| **As at March 31, 2022** | **108.51** | **498.04** | **7.60** | **7.16** | **7.56** | **15.81** | **644.68** |

**44.2 : Ageing for trade receivables as at March 31, 2021 is as follows :** (₹ Crores)

| Particulars | Not due | Outstanding for following periods from due date of payment: Less than 6 Months | 6 months to 1 year | 1 to 2 years | 2 to 3 years | more than 3 years | Grand Total |
|---|---|---|---|---|---|---|---|
| **Trade Receivables** | | | | | | | |
| Undisputed, considered Good | 186.24 | 15.00 | 12.49 | 4.35 | 8.20 | - | 226.28 |
| Undisputed, Credit Impaired | - | - | - | - | 6.80 | 0.80 | 7.60 |
| Disputed, considered Good | - | 0.06 | 0.08 | 3.93 | 1.24 | 0.02 | 5.33 |
| Disputed, Credit Impaired | - | - | - | 0.01 | 2.73 | 16.94 | 19.68 |
| **Subsidy receivable** | | | | | | | |
| Undisputed, considered Good | - | 212.73 | 53.15 | 7.55 | - | 3.48 | 276.91 |
| Disputed, considered Good | - | - | - | - | 0.42 | 0.61 | 1.03 |
| **As at March 31, 2021** | **186.24** | **227.79** | **65.72** | **15.84** | **19.39** | **21.85** | **536.83** |

**Note 45 : Ageing for trade Payable**

**45.1 : Ageing for trade payables as at March 31, 2022 is as follows :** (₹ Crores)

| Particulars | Outstanding for following periods from due date of payment: Not due | Less than 1 year | 1 to 2 year | 2 to 3 years | more than 3 years | Grand Total |
|---|---|---|---|---|---|---|
| **Trade Payables** | | | | | | |
| Undisputed - MSME | 18.97 | 2.00 | 0.04 | 0.30 | 5.19 | 26.50 |
| Undisputed - Others | 478.06 | 68.52 | 19.65 | 13.23 | 10.91 | 590.37 |
| Disputed - MSME | - | - | - | - | 1.64 | 1.64 |
| Disputed - Others | - | 0.46 | 0.45 | 0.40 | 11.38 | 12.69 |
| **Total - MSME** | **18.97** | **2.00** | **0.04** | **0.30** | **6.83** | **28.14** |
| **Total - Others** | **478.06** | **68.98** | **20.10** | **13.63** | **22.29** | **603.06** |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**45.2 : Ageing for trade payables as at March 31, 2021 is as follows :** (₹ Crores)

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Not due | Less than 1 year | 1 to 2 year | 2 to 3 years | more than 3 years | Grand Total |
| **Trade Payables** | | | | | | |
| Undisputed - MSME | 11.46 | 1.57 | 0.38 | 2.60 | 5.57 | 21.58 |
| Undisputed - Others | 276.36 | 39.16 | 15.94 | 8.71 | 23.91 | 364.08 |
| Disputed - MSME | - | - | - | - | 1.64 | 1.64 |
| Disputed - Others | - | 0.49 | 0.40 | 0.34 | 10.92 | 12.15 |
| Total - MSME | 11.46 | 1.57 | 0.38 | 2.60 | 7.21 | 23.22 |
| Total - Others | 276.36 | 39.65 | 16.34 | 9.05 | 34.83 | 376.23 |

### Note 46 : Segment Information

**Operating Segments**

The identified reportable segments are Fertilizers, Chemicals and Others in terms of the requirements of Ind AS 108 "Operating Segments" as notified under section 133 of the Companies Act, 2013. Other Segment mainly includes Information Technology division activities and neem product related activities.

**Identification of Segments:**

The chief operational decision maker monitors the operating results of its Business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements, Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108.

**Segment revenue and results:**

The expenses and income which are not directly attributable to any business segment are shown as unallocable expenditure and unallocable income.

**Segment assets and liabilities:**

Segment assets include all operating assets used by the operating segment and mainly consist of property, plant and equipment, trade receivables, inventory and other operating assets. Segment liabilities primarily include trade payable and other liabilities. Common assets and liabilities which cannot be allocated to any of the business segments are shown as unallocable assets / liabilities.

**Inter Segment transfer:**

Inter Segment revenues are recognised at sales price. The same is based on market price and business risks. Profit or loss on inter segment transfer are eliminated at the Company level.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Summary of segment information is given below:

**Note 46.1: Financial information about the primary business segment's Revenue & Results :** (₹ Crores)

| | Fertilizers | | Chemicals | | Others | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **2021-22** | 2020-21 | **2021-22** | 2020-21 | **2021-22** | 2020-21 | **2021-22** | 2020-21 |
| **A REVENUE:** | | | | | | | | |
| External sales revenue | **2,508.57** | 1,751.03 | **6,045.46** | 3,304.55 | **88.26** | 73.11 | **8,642.29** | 5,128.69 |
| Intersegment revenue | **-** | - | **-** | - | **-** | - | **-** | - |
| **Total Revenue** | **2,508.57** | 1,751.03 | **6,045.46** | 3,304.55 | **88.26** | 73.11 | **8,642.29** | 5,128.69 |
| **B RESULT:** | | | | | | | | |
| Segment result | **14.53** | (24.02) | **2,156.60** | 874.29 | **24.66** | 9.59 | **2,195.79** | 859.86 |
| Unallocable income | | | | | | | **131.49** | 144.81 |
| Unallocable expenses | | | | | | | **(25.77)** | (36.41) |
| Operating profit | | | | | | | **2,301.51** | 968.26 |
| Finance costs | | | | | | | **(3.46)** | (19.95) |
| Profit before tax | | | | | | | **2,298.05** | 948.31 |

**Note 46.2: Financial information about the primary business segment's assets and liabilities :** (₹ Crores)

| Assets & Liabilities | Fertilizers As at | | Chemicals As at | | Others As at | | Total As at | |
|---|---|---|---|---|---|---|---|---|
| | 31-03-2022 | 31-03-2021 | 31-03-2022 | 31-03-2021 | 31-03-2022 | 31-03-2021 | 31-03-2022 | 31-03-2021 |
| Segment assets | **2,027.29** | 1,776.89 | **2,630.80** | 2,698.70 | **291.50** | 183.81 | **4,949.59** | 4,659.40 |
| Segment liabilities | **(1,251.77)** | (1,177.47) | **(590.74)** | (425.55) | **(245.55)** | (136.80) | **(2,088.06)** | (1,739.82) |
| Other unallocable corporate assets | **-** | - | **-** | - | **-** | - | **5,768.22** | 3,725.41 |
| Other unallocable corporate liabilities | **-** | - | **-** | - | **-** | - | **(639.72)** | (576.79) |
| **Total capital employed** | **775.52** | 599.42 | **2,040.06** | 2,273.15 | **45.95** | 47.01 | **7,990.03** | 6,068.20 |
| **Capital assets/ expenditure incurred during the year:** | | | | | | | | |
| Capital assets including capital work in progress | **15.92** | 36.43 | **97.32** | 147.50 | **0.62** | 1.08 | **113.86** | 185.01 |
| Other unallocable capital expenditures | **-** | - | **-** | - | **-** | - | **13.17** | 58.74 |
| **Total** | **15.92** | 36.43 | **97.32** | 147.50 | **0.62** | 1.08 | **127.03** | 243.75 |

**Note: 47 Components of Other Comprehensive Income (OCI)**

The disaggregation of changes to OCI by each type of reserve in equity is shown below. (₹ Crores)

| Particulrs | FVTOCI Reserve | | Retained Earnings | | Total | |
|---|---|---|---|---|---|---|
| | Year Ended March 31, 2022 | Year Ended March 31, 2021 | Year Ended March 31, 2022 | Year Ended March 31, 2021 | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
| Re-measurement gain on defined benefit plans (net of tax) | - | - | **14.79** | 11.01 | **14.79** | 11.01 |
| Net gain on FVTOCI on equity Investments (net of tax) | **320.97** | 138.66 | **-** | - | **320.97** | 138.66 |
| | **320.97** | 138.66 | **14.79** | 11.01 | **335.76** | 149.67 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 48 : Details of hedged and unhedged exposure in foreign currency (FC) denominated monetary items :**

**(a) Exposure in foreign currency - Hedged**

**(i) Amounts Payable in Foreign Currency :**

| Particulars | As at March 31, 2022 | | | As at March 31, 2021 | | |
|---|---|---|---|---|---|---|
| | ₹ Crores | Amount in FC | | ₹ Crores | Amount in FC | |
| Payables for import * | 130.19 | USD | 1,72,12,000 | 77.75 | USD | 1,03,59,000 |
| Payables for import * | - | Euro | - | 2.93 | Euro | 3,28,600 |
| Payables for future import * | 9.29 | USD | 12,12,000 | 3.07 | USD | 4,16,000 |
| Payables for future import * | 2.35 | Euro | 2,74,000 | 4.48 | Euro | 4,91,500 |

* The above payable amounts are hedged against Forward exchange Contracts.

**(ii) Amounts receivable in foreign currency :**

| Particulars | As at March 31, 2022 | | | As at March 31, 2021 | | |
|---|---|---|---|---|---|---|
| | ₹ Crores | Amount in FC | | ₹ Crores | Amount in FC | |
| Cash and cash equivalents (EEFC) | 1.29 | USD | 1,71,188 | 0.64 | USD | 87,999 |

**(b) Exposure in foreign currency - Unhedged**

**(i) Amounts payable in foreign currency :**

| Particulars | As at March 31, 2022 | | | As at March 31, 2021 | | |
|---|---|---|---|---|---|---|
| | ₹ Crores | Amount in FC | | ₹ Crores | Amount in FC | |
| Payables for Import | 6.34 | Euro | 7,41,560 | 1.67 | Euro | 1,91,340 |
| Payables for Import | 8.95 | USD | 11,73,763 | 7.68 | USD | 10,38,281 |
| Payables for Import | 0.28 | GBP | 27,540 | 0.30 | GBP | 29,908 |
| Payables for Import | - * | CHF | 217 | - * | CHF | 217 |
| Payables for Import | 0.04 | AUD | 6,500 | - | AUD | - |
| Payables for Import | - | JPY | - | 0.18 | JPY | 26,29,840 |

* Amount nullified on conversion to ₹ crores

**(ii) Amounts receivable in foreign currency :**

| Particulars | As at March 31, 2022 | | | As at March 31, 2021 | | |
|---|---|---|---|---|---|---|
| | ₹ Crores | Amount in FC | | ₹ Crores | Amount in FC | |
| Receivables for export | 0.92 | USD | 1,22,100 | 5.02 | USD | 6,87,820 |

**The following significant exchange rates have been applied during the year:**

| INR | Year end spot rate | |
|---|---|---|
| | March 31, 2022 | March 31, 2021 |
| **USD 1** | Import - ₹ 76.27<br>Export - ₹ 75.29 | Import - ₹ 74.01<br>Export - ₹ 73.04 |
| **EURO 1** | ₹ 85.53 | ₹ 87.08 |
| **GBP 1** | ₹ 100.12 | ₹ 101.66 |
| **CHF 1** | ₹ 82.84 | ₹ 78.74 |
| **AUD 1** | ₹ 57.37 | N.A |
| **JPY 1** | N.A | ₹ 0.6697 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note 49 : Financial Instruments, Fair Value Measurements, Financial Risk and Capital Management :**

**49.1 : Category-wise classification of financial instruments:**

(₹ Crores)

| Particulars | Refer Note | As at March 31, 2022 | | | |
|---|---|---|---|---|---|
| | | Fair Value through other Comprehensive income | Fair Value through profit or loss | Amortised cost | Carrying Value |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 14 | - | - | 72.71 | 72.71 |
| Other bank balances | 15 | - | - | 1,109.23 | 1,109.23 |
| Investments in equity shares (other than investment in subsidiary & associate entity) | 8 | 1,155.70 | - | - | 1,155.70 |
| Investments in unquoted equity shares of subsidiary entity and associate entity | 8 | - | - | 92.44 | 92.44 |
| Investments in unquoted debentures, Govt Securities & State development Loans | 8 | - | 64.81 | - | 64.81 |
| Trade receivables | 11 | - | - | 625.10 | 625.10 |
| Loans and advances | 9 | - | 128.08 | 2,400.00 | 2,528.08 |
| Other financial assets | 10 | - | - | 165.63 | 165.63 |
| **Total** | | 1,155.70 | 192.89 | 4,465.11 | 5,813.70 |
| **Financial liabilities** | | | | | |
| Borrowings | 18 | - | - | 0.07 | 0.07 |
| Trade payables | 20 | - | - | 631.20 | 631.20 |
| Derivatives instruments not designated as hedge | 21 | - | 0.24 | - | 0.24 |
| Lease liability | 39 | - | - | 1.70 | 1.70 |
| Other financial liabilities | 21 | - | - | 421.71 | 421.71 |
| **Total** | | - | 0.24 | 1,054.68 | 1,054.92 |

(₹ 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 | 14 | - | - | 137.17 | 137.17 |
| Other bank balances | 15 | - | - | 1,313.56 | 1,313.56 |
| Investments in equity shares (other than investment in subsidiary & associate entity) | 8 | 779.89 | - | - | 779.89 |
| Investments in unquoted equity shares of subsidiary entity and associate entity | 8 | - | - | 85.78 | 85.78 |
| Investments in unquoted debentures, Govt Securities & State development Loans | 8 | - | 72.23 | - | 72.23 |
| Trade receivables | 11 | - | - | 509.55 | 509.55 |
| Loans and advances | 9 | - | 126.04 | 400.00 | 526.04 |
| Other financial assets | 10 | - | 21.04 | 52.15 | 73.19 |
| **Total** | | 779.89 | 219.31 | 2,498.21 | 3,497.41 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ 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 liabilities** | | | | | |
| Borrowings | 18 | - | - | 2.16 | 2.16 |
| Trade payables | 20 | - | - | 399.45 | 399.45 |
| Lease Liability | 39 | - | - | 1.90 | 1.90 |
| Derivatives instruments not designated as hedge | 21 | - | 1.11 | - | 1.11 |
| Other financial liabilities | 21 | - | - | 311.12 | 311.12 |
| **Total** | | - | 1.11 | 714.63 | 715.74 |

### 49.2 : Fair value measurements:

**a) Quantitative disclosures of fair value measurement hierarchy for financial assets and financial liabilities**

The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities:

(₹ Crores)

| Particulars | As at March 31, 2022 | | | | As at March 31, 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 investments measured at FVTOCI (refer Note 8) | **499.98** | **-** | **-** | **499.98** | 354.98 | - | - | 354.98 |
| Investment in unquoted equity investments measured at FVTOCI (refer Note 8) | **-** | **-** | **655.72** | **655.72** | - | - | 424.91 | 424.91 |
| Investments in unquoted debentures, Govt Securities & State development Loans (refer Note 8) | **-** | **-** | **64.81** | **64.81** | - | - | 72.23 | 72.23 |
| Loans and advances (refer Note 9) | **-** | **-** | **128.08** | **128.08** | - | - | 126.04 | 126.04 |
| **Total** | **499.98** | **-** | **848.61** | **1,348.59** | 354.98 | - | 623.18 | 978.16 |
| **Financial liabilities measured at fair value:** | | | | | | | | |
| Derivative instruments (refer Note 21) | **-** | **0.24** | **-** | **0.24** | - | 1.11 | - | 1.11 |
| **Total** | **-** | **0.24** | **-** | **0.24** | - | 1.11 | - | 1.11 |
| **Asset for which fair values are disclosed :** | | | | | | | | |
| Investment properties (refer Note 6) | **-** | **-** | **85.20** | **85.20** | - | - | 85.20 | 85.20 |

*The fair value of the quoted equity investments are derived from quoted market prices in active market.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**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, 2022 and March 31, 2021 are as shown below:

| Particulars | Valuation Technique | Significant unobservable input | Range (weighted average) | Sensitivity of the input to fair value |
|---|---|---|---|---|
| FVTOCI assets in unquoted equity shares (Gujarat State Petroleum Corporation Limited) | Market Approach - Comparable Companies Multiple ("CCM") Method | Gas marketing business | 10% increase (decrease) in the Gas marketing business would result in increase / (decrease) in fair value as of March 31, 2022 : ₹ 1.39 crores (₹ 1.39 crores).<br>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). | |
| 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 2022 : 25% - 35% (30%)<br>31 March 2021 : 15% - 25% (20%) | 5% increase / decrease in the market multiple discount would result in decrease / (increase) in fair value as of March 31, 2022 : ₹ 42.68 crores (₹ 43.41 crores)<br>{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)} |
| | | EBITDA (₹ Crores) | 31 March 2022 : ₹ 341.98 crores - ₹ 377.98 crores (₹ 359.98 crores)<br>31 March 2021 : ₹ 315.37 crores - ₹ 348.57 crores (₹ 331.97 crores) | ₹ 18.00 crores increase / decrease in the EBITDA would result in increase / (decrease) in fair value as of March 31, 2022 : ₹ 26.31 crores (₹ 25.39 crores)<br>{₹ 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)} |
| FVTOCI assets in unquoted equity shares (Gujarat Venture Finance Limited) | Cost Approach - Net asset value | Share holders fund (₹ Crores) | 31 March 2022 : ₹ 36.20 crores - ₹ 40.00 crores (₹ 38.10 crores)<br>31 March 2021 : ₹ 25.20 crores - ₹ 27.80 crores (₹ 26.50 crores) | ₹ 1.90 crores increase / decrease in the shareholders fund would result in increase / (decrease) in fair value as of March 31, 2022 by ₹ 0.03 crore (₹ 0.03 crore)<br>{₹ 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 crore (₹ 0.02 crore)} |
| | | Discount to Book Value | 31 March 2022 : 15% - 25% (20%)<br>31 March 2021 : 15% - 25% (20%) | 5% increase / decrease in the discount to book value would result in decrease / (increase) in fair value as of March 31, 2022 : ₹ 0.03 crore (₹ 0.04 crore).<br>{5% increase / decrease in the discount to book value would result in decrease / (increase) in fair value as of March 31, 2021 : ₹ 0.02 crore (₹ 0.02 crore)} |
| FVTOCI assets in unquoted equity shares (Bharuch Enviro Infrastructure Limited) | Market Approach - Comparable companies | Market Multiple Discount | 31 March 2022 : 25% - 35% (30%)<br>31 March 2021 : 15% - 25% (20%) | 5% increase / decrease in the market multiple discount would result in decrease / (increase) in fair value as of March 31, 2022 : ₹ 0.54 crore (₹ 0.50 crore)<br>{5% increase / decrease in the market multiple discount would result in decrease / (increase) in fair value as of March 31, 2021 : ₹ 0.34 crore (₹ 0.34 crore)} |
| | | Consolidated PAT (₹ Crores) | 31 March 2022 : ₹ 67.50 crores - ₹ 74.70 crores (₹ 71.10 crores)<br>31 March 2021 : ₹ 53.70 crores - ₹ 59.30 crores (₹ 56.50 crores) | ₹ 3.60 crores increase / decrease in the consolidated PAT would result in increase / (decrease) in fair value as of March 31, 2022 : ₹ 0.36 crore (₹ 0.37 crore).<br>{₹ 2.80 crores increase / decrease in the consolidated PAT would result in increase / (decrease) in fair value as of March 31, 2021 : ₹ 0.27 crore (₹ 0.27 crore)} |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

| Particulars | Valuation Technique | Significant unobservable input | Range (weighted average) | Sensitivity of the input to fair value |
|---|---|---|---|---|
| FVTOCI assets in unquoted equity shares (Bharuch Dahej Railway Company Limited) | Cost Approach - Net asset value | Discount to Book Value | 31 March 2022 : 20% - 30% (25%) 31 March 2021 : 20% - 30% (25%) | 5% increase / decrease in the discount to book value would result in decrease / (increase) in fair value as of March 31, 2022 : ₹ 0.15 crore (₹ 0.99 crore) {5% increase / decrease in the discount to book value would result in decrease / (increase) in fair value as of March 31, 2021 : ₹ 0.58 crore (₹ 0.58 crore)} |
| | | Share holders fund (₹ Crores) | 31 March 2022 : ₹ 163.30 crores - ₹ 180.50 crores (₹ 171.90 crores) 31 March 2021 : ₹ 127.30 crores - ₹ 140.70 crores (₹ 134 crores) | ₹ 8.60 crores increase / decrease in the shareholders fund would result in increase / (decrease) in fair value as of March 31, 2022 by ₹ 1.16 crores (₹ 0.32 crore). {₹ 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 crore (₹ 0.78 crore)}. |
| FVTOCI assets in unquoted equity shares (Ecophos GNFC India Private Limited) | As on March 31, 2020, the parent Company M/s EcoPhos S.A. holding 85% in the entity has applied for bankruptcy hence the Company has Fair valued the investment as ₹ 1 (Refer Note 8). During the year there is no change in bankruptcy status. | | | |

c) **Financial Instrument measured at amortised cost**

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

### 49.3 : Financial Risk objective and policies:

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, deposits, investments, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds FVTOCI & FVTPL investments and enters into derivative transactions.

In the ordinary course of business, the Company is mainly exposed to risks resulting from exchange rate fluctuation (currency risk), interest rate movements (interest rate risk) collectively referred as Market Risk, Credit Risk, Liquidity Risk and other price risks such as equity price risk and commodity price risk. The Company's senior management oversees the management of these risks. It manages its exposure to these risks through derivative financial instruments by hedging transactions as required. It uses derivative instruments such as foreign currency forward contract to manage currency risks. These derivative instruments reduce the impact of both favourable and unfavourable fluctuations.

The Company's risk management activities are subject to the management, direction and control of the management of the Company under the guideline of the Board of Directors of the Company. The management ensures appropriate financial risk governance framework for the Company through appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The decision of whether and when to execute derivative financial instruments along with its tenure can vary from period to period depending on market conditions and the relative costs of the instruments. The tenure is linked to the timing of the underlying 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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, 2022 and March 31, 2021.

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, 2022. 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, 2022 and March 31, 2021.

**(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 48.

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 For the year ended | | Impact on Pre-tax Equity For the year ended | |
|---|---|---|---|---|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| **USD Sensitivity** | | | | |
| RUPEES / USD – Increase by 5% | **(0.40)** | (0.13) | **(0.40)** | (0.13) |
| RUPEES / USD – Decrease by 5% | **0.40** | 0.13 | **0.40** | 0.13 |
| **EURO Sensitivity** | | | | |
| RUPEES / EURO – Increase by 5% | **(0.32)** | (0.08) | **(0.32)** | (0.08) |
| RUPEES / EURO – Decrease by 5% | **0.32** | 0.08 | **0.32** | 0.08 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**(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 ₹ 655.72 crores. Sensitivity analyses of these investments have been provided in Note 49.2(b).

At the reporting date, the exposure to listed equity securities at fair value was ₹ 499.98 crores. A decrease of 5% on the BSE market price could have an impact of approximately ₹ 25.00 crores on the OCI or equity attributable to the Group. An increase of 5% in the value of the listed securities would also impact OCI and equity. These changes would not have an effect on profit or loss.

**b) Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and other financial assets) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive evaluation and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data.

Credit risk from balances with banks and non-banking finance companies is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's management. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

**Trade receivables**

The Company's receivables can be classified into two categories, one is from the customers/ dealers in the market and second one is from the central and state Government in the form of subsidy. As far as Government portion of receivables is concerned, credit risk is Nil except where there are uncertainties due to non-acknowledgement of claims. In respect of market receivables from the customers/ dealers, the Company extends credit to customers in normal course of business. 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 ₹ 18.61 crores and ₹ 22.58 crores as at 31st March, 2022 and 31st March, 2021 respectively. (Refer Note No. 11 for Trade Receivables outstanding).

The Company follows a 'simplified approach' (i.e. based on lifetime ECL) for recognition of impairment loss allowance on Trade receivables, other than those receivables from the Government of India. For the purpose of measuring lifetime ECL allowance for trade receivables, the Company estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience in respect of certain categories of the customers. Individual trade receivables are written off when management deems them not to be collectible

**c) Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and bank balances. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analyses derivative and non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(₹ Crores)

| Particulars | Refer Note | On Demand | Less than 1 year | 1 to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|
| **As at March 31, 2022** | | | | | | |
| Borrowings | **19** | **0.07** | **-** | **-** | **-** | **0.07** |
| Trade payables | **20** | **-** | **631.20** | **-** | **-** | **631.20** |
| Lease liability | **39** | **-** | **0.73** | **0.80** | **0.17** | **1.70** |
| Derivatives Instruments not designated as hedge | **21** | **-** | **0.24** | **-** | **-** | **0.24** |
| Other financial liabilities | **21** | **-** | **416.59** | **5.12** | **-** | **421.71** |
| **Total** | | **0.07** | **1,048.76** | **5.92** | **0.17** | **1,054.92** |
| **As at March 31, 2021** | | | | | | |
| Borrowings | 19 | 2.16 | - | - | - | 2.16 |
| Trade payables | 20 | - | 399.45 | - | - | 399.45 |
| Lease liability | 39 | - | 0.85 | 0.86 | 0.19 | 1.90 |
| Derivatives Instruments not designated as hedge | 21 | - | 1.11 | - | - | 1.11 |
| Other financial liabilities | 21 | - | 306.00 | 5.12 | - | 311.12 |
| **Total** | | 2.16 | 707.41 | 5.98 | 0.19 | 715.74 |

**49.4 : Capital Management:**

For the purposes of the Company's capital management, capital includes issued capital and all other equity. The primary objective of the Company's capital management is to maximize shareholder value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Company monitors capital using gearing ratio, which is net debt (total debt less cash and bank balance) divided by total capital plus net debt.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ Crores)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Total Borrowings (refer note 19) | **0.07** | 2.16 |
| Less: Cash and bank balances (refer Note 14 and 15) | **1,181.94** | 1,450.73 |
| **Net Debt (A)** | **(1,181.87)** | (1,448.57) |
| **Total Equity (B)** | **7,990.03** | 6,068.20 |
| **Total Equity and Net Debt (C = A + B)** | **6,808.16** | 4,619.63 |
| **Gearing ratio** | **-** | - |

Since net debt is negative, same is considered as zero.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period. No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2022 and March 31, 2021.

**Note 50 : Additional disclosures required as per Schedule III to the Companies Act, 2013;**

**(i)** The Company has not traded or invested in Crypto currecy or Virtual Currecny during the year ended March 31, 2022 and March 31, 2021.

**(ii)** The Company does not have any Benami property and no proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder, as at March 31, 2022 and March 31, 2021.

**(iii)** The Company is not a declared wilful defaulter by any bank or financial Institution or other lender, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India, during the year ended March 31, 2022 and March 31, 2021.

**(iv)** The Company did not have any transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the year ended March 31, 2022 and March 31, 2021.

**(v)** There have been no transactions which have not been recorded in the books of accounts, that have been surrendered or disclosed as income during the year ended March 31, 2022 and March 31, 2021, in the tax assessments under the Income Tax Act, 1961. There have been no previously unrecorded income and related assets which were to be properly recorded in the books of account during the year ended March 31, 2022 and 31 March 31, 2021.

**(vi)** The Company has taken borrowings from banks and utilised them for the specific purpose for which they were taken as at the Balance sheet date. Quarterly statements of current assets filed by the Company with Bank are in agreement with the books of accounts of the Company for the respective periods, except for the following :

(₹ Crores)

| Quarter ended | Nature of current Assets / Liabilities where differences were observed | Amount disclosed as per quarterly return / statement | Amount as per books of accounts | Amount of Difference | Reasons for material difference |
|---|---|---|---|---|---|
| June 30, 2021 | Inventory - Finished goods | 238.37 | 237.65 | 0.72 | Not material difference |
| | Trade receivables | 599.37 | 591.63 | 7.74 | Note - 1 |
| | Advances to suppliers | 36.85 | 35.20 | 1.65 | Note - 2 |
| | Trade payable | 440.93 | 471.80 | (30.87) | Note - 3 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ Crores)

| Quarter ended | Nature of current Assets / Liabilities where differences were observed | Amount disclosed as per quarterly return / statement | Amount as per books of accounts | Amount of Difference | Reasons for material difference |
|---|---|---|---|---|---|
| September 30, 2021 | Trade receivables | 658.33 | 652.13 | 6.20 | Note - 1 |
| | Advances to suppliers | 59.25 | 57.60 | 1.65 | Note - 2 |
| | Trade payable | 452.18 | 461.09 | (8.91) | Note - 3 |
| December 31, 2021 | Advances to suppliers | 43.99 | 42.35 | 1.64 | Note - 2 |
| | Trade payable | 409.99 | 449.20 | (39.21) | Note - 3 |
| March 31, 2022 | Inventory - raw material | 346.81 | 362.44 | (15.63) | Note - 4 |
| | Inventory - stores & spares | 503.97 | 495.91 | 8.06 | Note - 5 |
| | Inventory - finished goods | 77.53 | 80.04 | (2.51) | Note - 6 |
| | Trade receivables | 610.20 | 625.10 | (14.90) | Note - 7 |
| | Advances to suppliers | 64.33 | 62.69 | 1.64 | Note - 2 |
| | Trade payable | 612.38 | 631.20 | (18.82) | Note - 8 |

**Notes:**

Note-1 : Reclassification adjustments with advances from customers not considered in returns / statements submitted to bank.

Note-2 : The amount disclosed as per quarterly returns / statements reconciles with gross book balance without adjustment of provision

Note-3 : Accrued expenses / reclassification adjustments not considered in returns / statements submitted to bank.

Note-4 : In transit inventory related to oil was not considered in returns / statements submitted to bank.

Note-5 : Provision for excess inventory was recognised as a subsequent event, hence not considered in returns / statements submitted to bank.

Note-6 : Inventory valuation impact was recognised subsequent to submission of return / statement to bank, hence not considered in returns / statements submitted to bank.

Note-7 : Differential freight subsidy recognised as a subsequent event, hence not considered in returns / statements submitted to bank.

Note-8 : Accrued expenses / reclassification adjustments and liability for in transit inventory related to oil not considered in returns / statements submitted to bank.

**(vii)** Based on the Ministry of Company Affairs (MCA) portal, charges aggregating to ₹ 153.29 crores are appearing as "Open" as of March 31, 2022 which were executed with Banks (the lender) in relation to securing repayment of loan facility related to year 1979 to 2009. The Company is in process to obtain the No Objection Certificates from the Banks. Once the same is received, the Company will file the "Satisfaction of Charge" with the Registrar of Companies (ROC).

**(viii) Utilisation of borrowed funds and share premium**

(I) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(II) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

**Note 51 : Code on Social Security**

The Indian Parliament has approved & the President has accorded the assent the Code on Social Security, 2020 ('Code') in September, 2020. The Code might impact the contributions by the Company towards Provident Fund, Gratuity and other employment and post-employment employee benefits. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record the impact, if any, in the period in which the Code becomes effective.

**Note 52 :**

Balances of certain trade receivables, advances given and trade payables are subject to confirmation/ reconciliation, if any. The management does not expect any material difference affecting The financial statements on such reconciliation / adjustments.

**Note 53 : Event occurred after the Balance Sheet Date:**

The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of May 09, 2022 there were no material subsequent events to be recognized or reported that are not already previously disclosed.

**Note 54 :**

The previous year's figures have been regrouped / reclassified, wherever necessary, to conform to the figures of the current year presentation. Amounts for the year ended and as at March 31, 2021 were audited by previous auditor M/s S R B C & CO LLP.

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

**D. V. Parikh**
Executive Director & CFO

**A. C. Shah**
Company Secretary

**Shri Pankaj Joshi, IAS**
Managing Director
(DIN - 01532892)

**Shri Pankaj Kumar, IAS**
Chairman
(DIN - 00267528)

Place : Gandhinagar
Date : May 09, 2022

AS PER OUR REPORT OF EVEN DATE
For **Suresh Surana & Associates LLP**
Chartered Accountants
(Firm Registration No.: 121750W/W-100010)

**Ramesh Gupta**
Partner
Membership No. 102306

Place : Mumbai
Date : May 09, 2022

## 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 |

* The Name of the Company's wholly owned subsidiary – "Gujarat Ncode Solutions Limited", has been strike off by the Register of Companies vide its order dated September 25, 2021.

## PART "B": Associates and Joint Ventures

**Statement pursuant to Section 129(3) of the companies Act, 2013 related to Associate Company and Joint Ventures**

| | Name of Associates | Gujarat Green Revolution Company Limited |
|---|---|---|
| 1 | Latest audited Balance Sheet Date | 31-03-2022 |
| 2 | Shares of Associates held by the Company on the year end | |
| | No. | 12,50,000 |
| | Amount of Investment in Associates (₹ lakhs) | 125 |
| | Extent of Holding % | 46.87% |
| 3 | Description of how there is significant influence | Holding more than 20% of the total capital |
| 4 | Reason why the Associate is not consolidated | Not Applicable |
| 5 | (i) Networth attributable to shareholding as per latest audited Balance Sheet as on 31-03-2022 (₹ lakhs) | 19,723 |
| | (ii) Networth attributable to shareholding as per latest unaudited Balance Sheet (₹ lakhs) | NA |
| 6 | Audited Profit / (Loss) for the FY 2021-22 (₹ lakhs) | 1,440 |
| | i. Considered in Consolidation (₹ lakhs) | 675 |
| | ii. Not Considered in Consolidation (₹ lakhs) | - |

| | | |
|---|---|---|
| 1 | Name of Associates which are yet to commence Operation | None |
| 2 | Names of Associates which have been liquidated or sold during the year | None |

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

| **D. V. Parikh** | **A. C. Shah** | **Shri Pankaj Joshi, IAS** | **Shri Pankaj Kumar, IAS** |
|---|---|---|---|
| Executive Director & CFO | Company Secretary | Managing Director | Chairman |
| | | (DIN - 01532892) | (DIN - 00267528) |

Place : Gandhinagar
Date : May 09, 2022

## NOTES

# NOTES

# NOTES


**Gujarat Narmada Valley Fertilizers & Chemicals Limited**
**ISO 9001, ISO 14001, ISO 45001 & ISO 50001 Certified Company**
P.O. Narmadanagar – 392 015, Dist. Bharuch, Gujarat, INDIA.
**Ph.**: (02642) 247001, 247002 **Fax**: (02642) 247084
**CIN**: L24110GJ1976PLC002903 **Website**: www.gnfc.in