No. SEC/BD/SE/
04th September, 2020

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 44th Annual General Meeting of the Company for the Financial Year 2019-20– Compliance under Regulation 30 & 34 of SEBI (LODR) Regulations, 2015.

Dear Sir,

Pursuant to Regulation 30 read with Para A of PART-A of Schedule-III & Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we attach herewith the Annual Report for the Financial Year 2019-20 of the Company together with Notice of 44th Annual General Meeting, scheduled to be held on Tuesday, the 29th September, 2020, through Video Conferencing (VC) / Other Audio Visual Means (OAVM). The deemed venue for the 44th Annual General Meeting will be the Registered Office of the Company at P.O. Narmadanagar – 392 015, District: Bharuch.

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

A copy of 44th Annual Report is being emailed to all the Shareholders of the Company whose email ids are registered with the Company or Depository Participants

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

Thanking you,

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

CS A C SHAH
COMPANY SECRETARY & GM (LEGAL)

GNFC

Chemicals • Fertilizers • IT

GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED

44th Annual Report 2019-2020

CORPORATE INFORMATION

BOARD OF DIRECTORS

(As on 16-07-2020)

Shri Anil Mukim, IAS, Chairman
Shri Arvind Agarwal, IAS (Retd.)
Smt. Gauri Kumar, IAS (Retd.)
Smt. Mamta Verma, IAS
Prof. Arvind Sahay
Shri Sunil Parekh
Shri Piruz Khambatta
Shri Pankaj Joshi, IAS, Managing Director

GNFC

Statutory Auditors

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

Secretarial Auditors

J. J. Gandhi & Co.
Practicing Company Secretaries
& Insolvency Professionals - Vadodara

Cost Auditors

M/s Dalwadi & Associates
Ahmedabad

Company Secretary & General Manager (Legal)

Shri A. C. Shah

Chief Financial Officer & General Manager

Shri D. V. Parikh

Registered Office

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

44th ANNUAL GENERAL MEETING

Date : 29th Sptember, 2020
Day : Tuesday
Time : 3:00 PM
Venue : The Company is conducting Meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020.

The deemed venue for the 44th AGM will be the Registered Office of the Company, at P.O. Narmadanagar - 392 015, District: Bharuch.

CONTENTS

TEN YEARS STANDALONE FINANCIALS AT A GLANCE

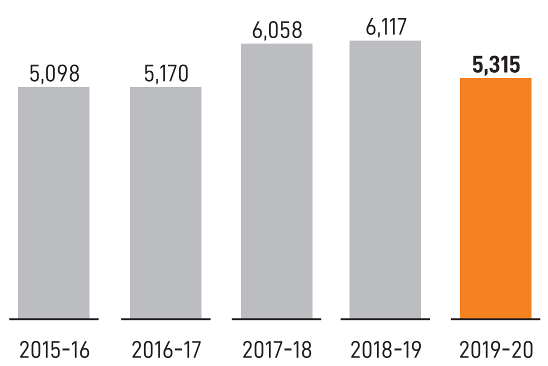
Rs. in Crore, except per share data

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
PROFIT AND LOSS STATEMENT										
Total Revenue	5315	6,117	6,058	5,170	5,098	4,988	5,196	4,527	4,062	3,129
EBITDA	694	1,089	1,532	1,169	815	31	662	634	582	523
Finance costs	5	6	100	203	297	275	92	63	34	18
Depreciation & amortization	264	263	270	251	251	209	145	149	131	121
Profit Before Tax	425	819	1,162	715	268	(452)	424	422	417	381
Tax	(74)	78	372	194	95	-	132	149	133	114
Profit After Tax	499	741	790	521	173	(452)	292	273	284	267
Total Comprehensive Income	357	680	750	561	162	-	-	-	-	-
BALANCE SHEET										
Net Worth	5223	4,997	4,458	3,802	3,278	3,115	2,946	2,717	2,507	2,287
Long term borrowings	-	-	73	886	1,676	2,187	2,226	2,184	1,533	697
Net working capital	1848	1,466	926	350	111	(38)	76	69	(244)	731
Fixed Assets (Net Block)	3892	3,984	4,175	4,457	4,395	4,581	4,897	4,560	3,472	2,820
PER SHARE DATA										
Earnings (EPS)	32.10	47.69	50.80	33.54	11.11	(29.09)	18.81	17.57	18.26	17.15
Dividend	5.00	7.00	7.50	5.00	2.00	-	3.50	3.50	3.50	3.25
Dividend (%)	50.00	70.00	75.00	50.00	20.00	-	35.00	35.00	35.00	32.50
Book Value	336.02	321.52	286.83	244.60	210.88	200.45	189.52	174.81	161.34	147.14

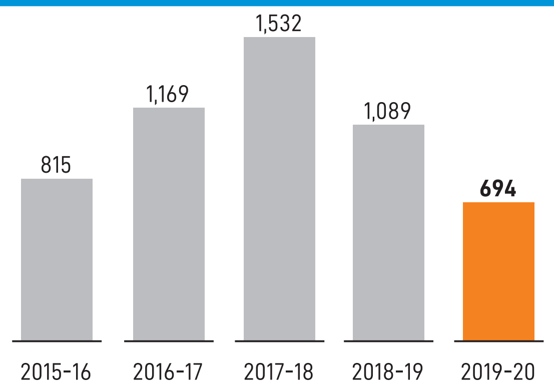
FINANCIAL TRENDS AND VALUE CREATION

Rs. in Crore, except per share data

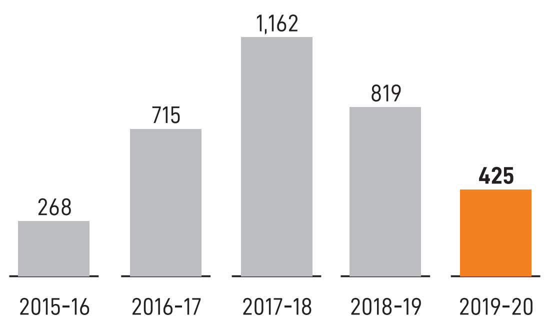
REVENUE



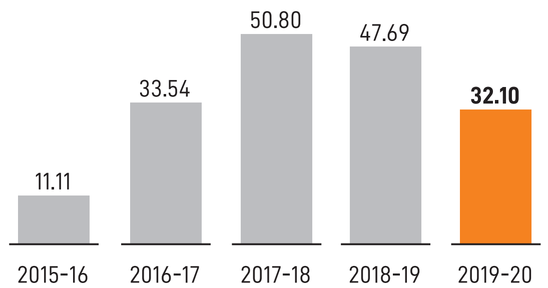
EDITBA



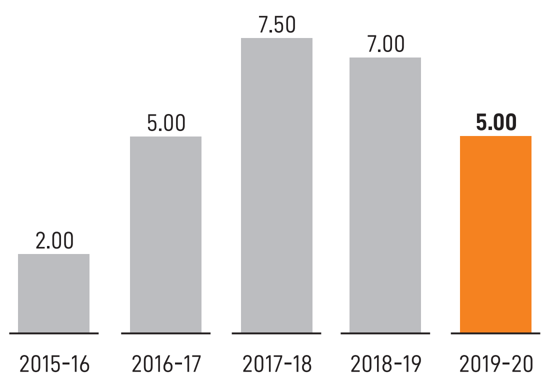
PROFIT BEFORE TAX



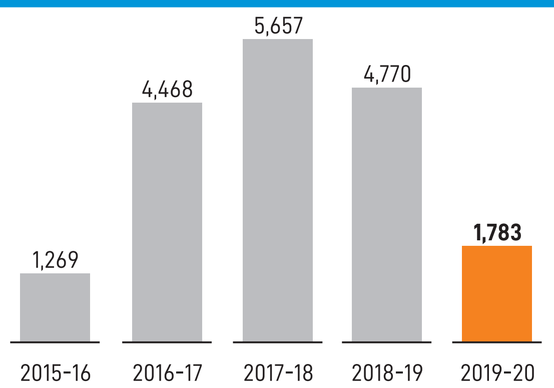
EARNINGS PER SHARE



DIVIDEND PER SHARE



MARKET CAPITALIZATION



NOTICE

NOTICE IS HEREBY given that the **44th Annual General Meeting (AGM) of the Members of Gujarat Narmada Valley Fertilizers & Chemicals Limited will be held at 3:00 PM on Tuesday, the 29th September, 2020** 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, 2020 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, 2020.

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

SPECIAL BUSINESS:

4. Appointment of Smt. Gauri Kumar, IAS (Retd.) (DIN: 01585999) as an Independent Director of the Company:

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

"RESOLVED that pursuant to the provisions of Sections 149, 152 read with Schedule-IV and other applicable provisions, if any, of the Companies Act, 2013 (the 'Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and pursuant to the recommendation of the Board of Directors, Smt. Gauri Kumar, IAS (Retd.) (DIN: 01585999), who was appointed as an Additional Director (Independent Category) 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 her candidature for the Office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 3 (three) consecutive years up to 30th September, 2023 and that she shall not be liable to retire by rotation."

5. Appointment of Shri Arvind Agarwal, IAS (Retd.) (DIN: 00122921) as Director of the Company:

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

"RESOLVED that pursuant to the provisions of Section 149, 152 and all other applicable provisions of the Companies Act, 2013 (the 'Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, Shri Arvind Agarwal, IAS (Retd.) (DIN: 00122921), who was appointed as Additional Director of the Company by the Board of Directors w.e.f 10th June, 2020 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."

6. Appointment of Shri Pankaj Joshi, IAS (DIN: 01532892) as Managing Director of the Company:

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

"RESOLVED that pursuant to the provisions of Sections 196, 197, 203 read with the provisions of Schedule-V and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), approval of the Company be and is hereby accorded to the appointment of Shri Pankaj Joshi, IAS, (DIN: 01532892) as Managing Director of the Company effective from 16.07.2020 until further orders from the Government of Gujarat (GoG), so however, his period of office shall not exceed five years from the date of his appointment."

"FURTHER RESOLVED that the approval and consent of the Company be and is hereby accorded / given and the Board of Directors of the Company be and is hereby authorized to agree to the payment of remuneration / special pay, if any, as may be granted and conveyed by the GoG to Shri Pankaj Joshi, IAS, as Managing Director of the Company during the aforesaid period, subject to the same not exceeding the limit specified under Schedule-V to the Act (including any statutory modification(s) or re-enactment(s) thereof for the time being in force)."

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

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

7. Ratification of remuneration payable to Cost Auditors of the Company for the financial year 2020-21:

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

"RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 (the 'Act') read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration of Rs.4,59,800/- (Rupees Four Lakhs Fifty Nine Thousand Eight Hundred only) plus statutory levies and reimbursement of out of pocket expenses payable to the Cost Auditors, M/s Dalwadi & Associates, Cost Accountants, (Firm Registration No. 000338), Ahmedabad for carrying out the audit of the cost records of the Company for financial year ending on 31st March, 2021, as recommended by the Audit Committee and approved by the Board of Directors, be and is hereby ratified."

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

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

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

Registered Office:
P.O.: Narmadanagar, Dist. Bharuch: 392 015.
CIN: L24110GJ1976PLC002903. Tele No.: (02642) 247001, 247002.
Fax No.: (02642) 247084.
Email: investor@gnfc.in
Website: www.gnfc.in
Dated: 14th July, 2020

NOTES:

1. In view of the outbreak of Covid-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circular dated May 5, 2020 read with General Circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as 'MCA Circulars') permitted the holding of the Annual General Meeting ('AGM') through Video Conferencing ('VC') facility or Other Audio Visual Means ('OAVM'), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (the 'Act'), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as amended and MCA Circulars, the AGM of the Company is being held through VC/ OAVM on **Tuesday, the 29th September, 2020 at 3:00 PM** (IST). The deemed venue for the 44th AGM will be the Registered Office of the Company, P.O. Narmadanagar - 392 015, District: Bharuch.

2. PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS/HER BEHALF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS AGM IS BEING HELD PURSUANT TO THE MCA CIRCULARS THROUGH VC/OAVM, THE REQUIREMENT OF PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, IN TERMS OF THE MCA CIRCULARS, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THIS AGM AND HENCE THE PROXY FORM, ATTENDANCE SLIP AND ROUTE MAP OF AGM ARE NOT ANNEXED TO THIS NOTICE.

3. Members of the Company who are Institutional Investors are encouraged to attend and vote at the AGM through VC / OAVM. Corporate Members intending to authorize their representatives to participate and vote through e-voting on their behalf at the meeting are requested to send a certified copy of the Board Resolution / authorization letter to the Company.

4. 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.

5. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Business under Item Nos. 04 to 07 set out above is annexed hereto. The information required to be furnished under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard – 2 on "General Meetings" issued by The Institute of Company Secretaries of India, in respect of persons seeking appointment / re-appointment as Directors are also annexed.

6. In terms of Section 108 of the Act read with the Companies (Management and Administration) Rules, 2014, Regulation 44 of Listing Regulations and MCA Circulars, the Company has provided the e-voting facility through Central Depository Services (India) Ltd. (CDSL). This facility is being provided to Members holding shares in physical or dematerialized form, as on the **cut-off date i.e. Tuesday, 22nd September, 2020** to exercise their right to vote by electronic means on any or all of the business specified in the accompanying Notice.

   The information and other instructions regarding remote e-voting and e-voting at AGM are provided below.

7. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/ OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

8. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 24th August, 2020 to Friday, 28th August, 2020 (both days inclusive).

A. ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCESS FOR REGISTRATION OF E-MAIL ID FOR OBTAINING COPY OF ANNUAL REPORT:

   i) In accordance with, the General Circular No. 20/2020 dated 5th May, 2020 issued by MCA and Circular No. SEBI/HO/ CFD/ CMD1/CIR/P/2020/79 dated 12th May, 2020 issued by SEBI, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor's Report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).

ii) Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their e-mail addresses by writing to the Company at investor@gnfc.in along with the copy of the signed request letter mentioning the name and address of the Member, self-attested copy of the PAN card, and self-attested copy of any document (eg.: Driving License, Election Identity Card, Passport) in support of the address of the Member. Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participants. In case of any queries / difficulties in registering the e-mail address, Members may write to investor @gnfc.in.

iii) The Notice of AGM along with Annual Report for the financial year 2019-20, 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 on the website of CDSL at www.evotingindia.com.

B. VOTING PROCESS AND OTHER INSTRUCTIONS REGARDING REMOTE E-VOTING:

i) The voting period begins on Saturday, September 26, 2020 at 9:00 am and shall end on Monday, September 28, 2020 at 5:00 pm. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Tuesday, September 22, 2020 may cast their vote electronically.

The e-voting module shall be disabled by CDSL for voting thereafter.

ii) Members who have already voted prior to the meeting date would not be entitled to vote at the meeting.

iii) The Members should log on to the e-voting website www.evotingindia.com.

iv) Click on 'SHAREHOLDERS'.

v) Now enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 character DP ID followed by 8 digits Client ID,

c. Members holding shares in physical form should enter Folio Number registered with the Company.

vi) Next enter the Image verification as displayed and click on Login.

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

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

FOR MEMBERS HOLDING SHARES IN DEMAT FORM AND PHYSICAL FORM	
PAN	Enter your 10 digit alpha-numeric PAN (applicable for both demat as well as physical Members) • Members who have not updated their PAN with the Company / DPs are requested to use the sequence number indicated in the PAN / PIN field of the email sent to them. • Members who have not registered their e-mail address may obtain the sequence number from the Company after registering their e-mail address as per the process defined in Note No. A (ii).
Dividend Bank details OR Shares	Enter the Dividend Bank details or Shares as recorded in your demat account or in the Company records in order to login. • If both the details are not recorded with the DPs or Company please enter the Member ID / folio number in the Dividend Bank details field as mentioned in instruction (v).

ix) After entering these details appropriately, click on 'SUBMIT' tab.

x) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field.

Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote. **It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.**

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

xii) Click on the EVSN for GNFC LTD. on which you choose to vote.

xiii) On the voting page, you will see 'RESOLUTION DESCRIPTION' and against the same the option 'YES / NO' for voting. Select the option 'YES / NO' as desired. The option YES implies that you assent to the resolution and option NO implies that you dissent to the resolution.

xiv) Click on the 'RESOLUTIONS FILE LINK' if you wish to view the entire resolution details.

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

xvi) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.

xvii) You can also take a print of the votes cast by clicking on 'Click here to print' option on the voting page.

xviii) If a demat account holder has forgotten the login password, then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

xix) Members can also cast their vote using CDSL's mobile app m-voting. The m-voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

xx) Note for Non – Individual Members and Custodians :

- Non-Individual Members (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board resolution and Power of Attorney which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively, Non Individual Members are required to send the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company, if voted from individual tab & not uploaded same in the CDSL e-voting system for the Scrutinizer to verify the same.

In case, you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ('FAQs') and e-voting manual available at www.evotingindia.com under help Section or write an email to helpdesk.evoting@cdslindia.com or call 1800225533 / 022 - 23058542 / 8543.

All grievances connected with the facility for voting by electronic means may be addressed to Rakesh Dalvi, Manager, Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call 1800225533 / 022 - 23058542 / 8543.

C. INSTRUCTIONS FOR MEMBERS VOTING ON THE DAY OF AGM ON E-VOTING SYSTEM:

i) The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

ii) Only those Members, who will be present in the AGM through VC / OAVM facility and have not casted their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available at the AGM.

iii) If any votes are casted by the Members through e-voting available during the AGM and if the same Members have not participated in the meeting through VC / OAVM facility, then the votes casted by such Members shall be considered invalid as the facility of e-voting during the meeting is available only to the Members participating in the meeting.

iv) Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

D. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC / OAVM:

i. Member will be provided with a facility to attend the AGM through VC / OAVM through the CDSL e-voting system.

ii. Members may access the same at https://www.evotingindia.com under Shareholders / Members login by using the remote e-voting credentials. The link for VC / OAVM will be available in Shareholder / Members login where the EVSN of Company will be displayed.

iii. Members are encouraged to join the meeting through Laptops / Desktops for better experience. Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

iv. 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.

v. Members who would like to express their views / have questions may send their views / questions 7 days prior to the meeting mentioning their name, demat account number / folio number, email id, mobile number at investor@gnfc.in and register themselves as a speaker. Only those Members who have registered themselves as a speaker will be allowed to express their views / ask questions during the meeting.

E. GENERAL INFORMATION:

1. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot User Details/Password?' or 'Physical User Reset Password?' option available on www.evotingindia.com to reset the password.

2. The voting rights shall be as per the number of equity shares held by the Member(s) as on 22nd September, 2020, being the cut-off date. Members are eligible to cast vote electronically only if, they are holding shares as on that date.

3. The Company has appointed Shri Shalin Patel, Practising Company Secretary (ACS 22687 and CP No. 17070), to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting are requested to refer to the detailed procedure given above.

4. The results of the electronic voting shall be declared to the Stock Exchanges after the conclusion of AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company at www.gnfc.in.

F. 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 e-mail to investor@gnfc.in.

G. DIVIDEND RELATED INFORMATION:

A. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 21st August, 2020, 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, 2020, as recommended by the Board, if approved at the AGM, on or after 7th October, 2020.

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

C. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate directly to the Investor Service Centre of the Company at the following e-mail id, **investor@gnfc.in**. In case, the Company is unable to pay the dividend to any shareholder by the electronic mode, due to non-availability of the details of the bank account, the Company shall upon normalisation of the postal services, dispatch the dividend warrant to such shareholder by post.

D. Members 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.

   i. **For Resident Shareholders,** TDS shall be made under Section 194 of the Income Tax Act, 1961 at 7.5% on the amount of Dividend declared and paid by the Company during the financial year 2020-21, provided PAN is registered by the Shareholder. If PAN is not registered, TDS would be deducted @ 20% as per Section 206AA of the Income Tax Act, 1961.

      However, no tax shall be deducted on the Dividend payable to a resident individual, if the total dividend to be received by them during **financial year 2020-21** does not exceed Rs.5,000/-. Please note that this includes the future dividends, if any, which may be declared by the Board in the financial year 2020-21.

      Separately, 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.

   ii. **For Non-resident Shareholders,** taxes are required to be withheld in accordance with, the provisions of Section 195 of the Income Tax Act, 1961 at the rates in force. As per the relevant provisions of the Income Tax Act, 1961, the withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of Dividend payable to them. However, as per Section 90 of the Income Tax Act, 1961, the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the country of tax residence of the shareholder, if they are more beneficial to them. For this purpose, i.e. to avail the Tax Treaty benefits, the non-resident shareholder will have to provide the following:

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

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

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

      d. Self-declaration, certifying the following points:

         i. Member is and will continue to remain a tax resident of the country of its residence during the financial year 2020-21;

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

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

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

v. Member does not have a taxable presence or a permanent establishment in India during the financial year 2020-21.

iii. Please note that the Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial DTAA Rate shall depend upon the completeness and form are therefore, requested to submit their PAN and Bank Account Details to Investor Services Centre of the Company by sending a duly signed letter along with self-attested copy of PAN Card and original cancelled cheque through email at **dividend2020@gnfc.in.** The original cancelled cheque should bear the name of the Member. In the alternative Members are requested to submit a copy of bank passbook / statement attested by the bank. Members holding shares in demat form are requested to submit the aforesaid information to their respective Depository Participant.

iv. Accordingly, in order to enable us to determine the appropriate TDS / withholding tax rate applicable, we request you to provide these details and documents as mentioned above before Thursday, 20th August, 2020.

v. Kindly note that the aforementioned documents are required to be submitted at the email id **dividend2020@gnfc.in** on or before Thursday, 20th August, 2020 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 Thursday, 20th August, 2020. 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.

vi. We shall arrange to email the soft copy of TDS certificate to you at your registered e-mail ID in due course, post payment of the said Dividend.

vii. The Company vide its separate email communication dated 1st August, 2020 had informed the Members regarding this change in the Income Tax Act, 1961 as well as the relevant procedure to be adopted by the Members to avail the applicable tax rate.

viii. 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 1995-96 to 2011-12 to Investor Education & Protection Fund (IEPF), set up by the Central Government.

Shareholders may claim their unclaimed dividend for the years prior to and including the financial year 2011-12 and the corresponding shares, from the IEPF Authority by applying in the prescribed Form No. IEPF-5. This Form can be downloaded from the website of the IEPF Authority **www.iepf.gov.in** the access link of which is also available on the Company's website **www.gnfc.in** under the Section 'Shareholders'.

The unclaimed dividend for the below mentioned years and the corresponding shares will be transferred by the Company to IEPF in accordance with the schedule given below. In this regard, we have informed, vide our letter dated 21/07/2020, to all those shareholders who have not claimed their dividend amount for a consecutive period of seven years from financial year 2012-13, advising them to write to the Investor Service Centre of the Company and claim their dividend amount before due date of transfer of shares to IEPF Authority. The due date of transfer of such shares to IEPF Authority is 27.10.2020.

Financial Year	Dividend Identification No.	Date of Declaration of Dividend	Due Date for transfer to IEPF
2012-13	30th	21-09-2013	October, 2020
2013-14	31st	26-09-2014	October, 2021
2015-16	32nd	30-09-2016	October, 2022
2016-17	33rd	29-09-2017	October, 2023
2017-18	34th	29-09-2018	October, 2024
2018-19	35th	26-09-2019	October, 2025

H. OTHERS:

1. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from, 1st April, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialised form.
2. The Securities and Exchange Board of India (SEBI) vide its circular dated 20th April, 2018 has mandated registration of Permanent Account Number (PAN) and Bank Account Details for all securities holders. Members holding shares in physical form are therefore, requested to submit their PAN and Bank Account Details to Investor Service Centre of the Company by sending a duly signed letter along with self-attested copy of PAN Card and original cancelled cheque through email at **investor@gnfc.in.** The original cancelled cheque should bear the name of the Member. In the alternative Members are requested to submit a copy of bank passbook / statement attested by the bank. Members holding shares in demat form are requested to submit the aforesaid information to their respective Depository Participant.
3. Nomination facility is available for the Members as per Section 72 of the Act. As a Member of the Company, you have an option to nominate any person as your nominee to whom your shares shall vest in the unfortunate event of your death. It is advisable to avail this facility especially by the Members who currently hold shares in their single name. Nomination can avoid the process of acquiring any right in shares through transmission by law. In case of nomination for the shares held by the joint holders, such nomination will be effective only on death of all the holders. In case the shares are held in dematerialised form, the nomination form needs to be forwarded to your Depository Participant (DP).
4. Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends by registering their bank account details with the Company. For further information, you are requested to approach the Investor Service Centre of the Company.
5. Trading in equity shares of the Company is compulsorily in dematerialised mode by all the Members. Also, as per provisions of Listing Regulations, transfer of listed securities shall not be processed unless the securities are in dematerialized form. This measure is aimed at curbing fraud and manipulation risk in physical transfer of securities by unscrupulous entities. Members holding shares in physical form are requested to convert their holding(s) to dematerialized form to eliminate all risks associated with physical shares.

ANNEXURE TO THE NOTICE

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

Item No. 4 :

Appointment of Smt. Gauri Kumar, IAS (Retd.) (DIN: 01585999) 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 Smt. Gauri Kumar, IAS (Retd.) (DIN: 01585999) as Additional Director (Independent Category) effective 30th March, 2020 on the Board of the Company. She holds the office of Director up to the date of this AGM. Pursuant to the said Committee's recommendations, the Board has also recommended her appointment to the Members as Independent Director for a term of three (3) consecutive years up to 30th September, 2023, at this AGM.

As required under Section 160 of the Act, the Notice proposing the candidature of Smt. Gauri Kumar, IAS (Retd.) (DIN: 01585999) has been received from a Member of the Company.

The Company has received from Smt. Gauri Kumar, IAS (Retd.) (DIN: 01585999) (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 she is not disqualified from being appointed as Director; and (iii) a declaration to the effect that she 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.

Smt. Gauri Kumar, (DIN: 01585999) is a Senior Retired IAS Officer of Indian Administrative Services and has held distinguished positions in various Departments in Government of India (GoI) as well as Government of Gujarat (GoG). She commands a very wide experience of various Government Sectors, Public Systems and Public Governance.

Brief resume of Smt. Gauri Kumar, IAS, (Retd.) (DIN: 01585999) is given in the Annexure, forming part of this Notice.

In the opinion of the Board, Smt. Gauri Kumar, IAS (Retd) (DIN: 01585999) is a person of integrity, possess relevant expertise and experience and fulfills the conditions specified in the Act and the Rules made thereunder for her appointment as Independent Director and that She is Independent of Management. Therefore, it would be of immense benefit and in the interest of the Company to appoint her 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 Smt. Gauri Kumar, IAS (Retd.) (DIN: 01585999) as Independent Director at this AGM for a term of three (3) consecutive years up to 30th September, 2023, not liable to retire by rotation.

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

Copies of draft letter of appointment setting-out the terms and conditions of her appointment as Independent Director are open for inspection by the Members through electronic mode.

Except Smt. Gauri Kumar, IAS (Retd.) (DIN: 01585999), none of the Directors / Key Managerial Personnel of the Company and their relative(s) is / are, in any way, concerned or interested, financially or otherwise, in the said resolution of appointment. This Explanatory Statement may also be regarded as disclosure under Regulation 36 of Listing Regulations.

Item No. 5 :

Appointment of Shri Arvind Agarwal, IAS (Retd.) (DIN: 00122921) as Director of the Company:

In accordance with the provisions of Section 161 (1) of the Act read with Article 144 of the AoA of the Company, Shri Arvind Agarwal, IAS (Retd.) (DIN: 00122921) was appointed by the Board as an Additional Director effective 10th June, 2020, based on the recommendation of Nomination & Remuneration Committee and he shall hold office of Director up to the date of this Annual General Meeting. He is eligible for appointment as Director.

The Company has received a Notice under Section 160 of the Act from a Member proposing the candidature of Shri Arvind Agarwal, IAS (Retd.) (DIN: 00122921) for the office of Director of the Company.

Shri Arvind Agarwal, IAS (DIN: 00122921) is a retired Senior IAS Officer of the rank of Additional Chief Secretary. During his tenure, he has held distinguished positions in Government of Gujarat (GoG) and has rich experience in the filed of Finance, Management and Administration. Presently, he is Chairman and Managing Director of Gujarat State Fertilizers & Chemicals Ltd., Vadodara. Brief resume of Shri Arvind Agarwal, IAS (Retd.) is given in Annexure, forming part of this Notice.

Shri Arvind Agarwal, IAS (Retd.) (DIN: 00122921) is not related to any of the Director 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 Arvind Agarwal, IAS (Retd.) (DIN: 00122921) as Rotational Director on the Board and therefore, commends the proposed Resolution for your approval.

Except Shri Arvind Agarwal, IAS (Retd.) (DIN: 00122921), none of the Directors / Key Managerial Personnel of the Company and their relative(s) is / are, in any way, concerned or interested, financially or otherwise, in the said resolution. This Explanatory Statement may also be regarded as disclosure under Regulation 36 of Listing Regulations.

Item No. 6 :

Appointment of Shri Pankaj Joshi, IAS (DIN: 01532892) as Managing Director of the Company:

The Government of Gujarat (GoG), in exercise of the powers vested in it under the Articles of Association of the Company had vide its Order No. AIS/45.2020/GNFC/G dated 15.7.2020 communicated to the Company that Shri Pankaj Joshi, IAS, Addl. Chief Secretary to GoG, Finance Department, GoG, would hold the additional charge of the post of Managing Director (MD) of the Company vice Shri M. S. Dagur, on completion of his tenure. The assumption of charge of MD by Shri Pankaj Joshi, IAS will operate and amounts to withdrawal of nomination of Shri M. S. Dagur and nomination of Shri Pankaj Joshi, IAS as Government Director on the Board of the Company.

The tenure of Shri M. S. Dagur as MD was completed on 15.07.2020 after office hours. Accordingly, he ceased to be the Director and MD of the Company effective from that date. Shri Pankaj Joshi, IAS assumed the additional charge of MD w.e.f. 16.07.2020. Therefore, he is nominated as Government Director on the Board of the Company with effect from that date.

In pursuance of the provisions of Section 203 of the Companies Act, 2013 (the Act) and GoG Order, the Board of Directors of the Company had in its Meeting held on 31st August, 2020 unanimously appointed Shri Pankaj Joshi, IAS, as MD of the Company effective from 16th July, 2020, who is also the MD of Gujarat State Financial Services Ltd. As Shri Pankaj Joshi, IAS is holding the additional charge of MD and drawing remuneration from GoG, presently, no remuneration is paid to him by the Company as MD of the Company. He will, however, be paid remuneration / Special pay, if any, as may be granted and conveyed by GoG, subject to the same not exceeding the limit specified in Schedule-V of the Act.

In terms of the provisions of Section 196, 197, 203 and other applicable provisions, if any, of the Act read with Schedule-V of the Act, the appointment of Shri Pankaj Joshi, IAS as Managing Director of the Company and payment of remuneration, Special pay, if any, is subject to the approval of Shareholders in General Meeting. Accordingly, your Directors commend the proposed Resolution for your approval.

Shri Pankaj Joshi, IAS (DIN: 01532892) is not related to any of the Director or Key Managerial Personnel of the Company, in terms of Section 2(77) of the Act.

Except Shri Pankaj Joshi, IAS (DIN: 01532892) none of the Directors and Key Managerial Personnel of the Company and their relatives is / are in any way concerned or interested, financially or otherwise, in the said resolution. This Explanatory Statement may also be regarded as disclosure under Regulation 36 of the Listing Regulations, 2015.

Item No. 7 :

Ratification of remuneration payable to Cost Auditors of the Company for the financial year 2020-21:

The Board of Directors, on the recommendations of Audit Committee, in its Meeting held on 10th July, 2020 approved the appointment of M/s Dalwadi & Associates, Cost Accountants, Ahmedabad (Firm Registration No. 000338) as Cost Auditors of the Company for the Financial Year 2020-21 at a remuneration of Rs.4,59,800/- per Annum plus out of pocket expenses and statutory levies for carrying out the cost audit work of the Company.

In accordance with the provisions of Section 148 of the Act read with Rule 14 of Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditors has to be ratified by the Members of the Company. Accordingly, the remuneration of Rs.4,59,800/- per Annum payable to M/s Dalwadi & Associates for FY 2020-21 is required to be ratified by the Members at this AGM.

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

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

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

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

Registered Office:
P.O.: Narmadanagar, Dist.: Bharuch: 392 015.
CIN: L24110GJ1976PLC002903. Tele No.: (02642) 247001, 247002.
Fax No.: (02642) 247084.
Email: investor@gnfc.in | Website: www.gnfc.in
Dated: 14th July, 2020

DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE 44th ANNUAL GENERAL MEETING PURSUANT TO REGULATION 36 OF THE SEBI (LODR) REGULATIONS, 2015 AND SECRETARIAL STANDARD – 2 ON "GENERAL MEETINGS":

Smt. Mamta Verma, IAS (DIN: 01854315)

Smt. Mamta Verma, IAS, aged 48 years (DIN: 01854315) is a Director of the Company since 5th October, 2015. She is MA with Psychology and has done Post Graduation in Physiology. She 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 GoG, Industries & Mines Department (Tourism, Devsthanam Management & Pilgrimage).

Details of her Directorships and Committee Chairmanship / Membership are as follows:

1	Alcock Ashdown (Gujarat) Ltd.	Director
2	Gujarat State Aviation Infrastructure Co. Ltd.	Managing Director
3	Diamond Research and Mercantile City Ltd.	Director
4	Gujarat Tourism Opportunity Ltd.	Director
5	Gujarat Chemical Port Ltd.	Director
6	Gujarat State Investments Ltd.	Director and Member – Audit Committee
7	Gujarat Narmada Valley Fertilizers & Chemicals Ltd.	Director & Member – Stakeholders Relationship Committee

She does not hold any equity shares in the Company. The details of Board Meetings attended by Smt. Mamta Verma, IAS (DIN: 01854315) during FY 2019-20 has been provided in the "Report on Corporate Governance" forming part of this Annual Report.

Smt. Gauri Kumar, IAS (Retd.) (DIN: 01585999)

Smt. Gauri Kumar, aged 64 years, (DIN: 01585999) is a Senior Retired IAS Officer of Indian Administration Services. She is M.Sc. from Lucknow University and Master in Public Administration, Harvard University, USA. During her entire career in the Administrative Services, she has held distinguished positions in various Departments in Government of Gujarat (GoG) as well as Government of India (GoI). She commands a very wide experience of various Government Sectors, Public Systems and Public Governance.

Her areas of specialization are Finance, Management, Administration, Corporate Governance, Urban Development and Infrastructure, Industrial Development, Labour and Employment, Agro Industries etc. She was awarded Littauer Fellowship by Harvard University, USA, for commitment to excellence to academic achievement and public service.

She was Director on the Boards of various Public Sector Enterprises and Public Sector Banks. Presently, she is Independent Woman Director on the Board of Gujarat Mineral Development Corporation Limited (GMDC), Ahmedabad.

Details of her Directorships and Committee Chairmanship / Membership are as follows:

1	Gujarat Mineral Development Corporation Limited (GMDC).	Director
2	Gujarat Narmada Valley Fertilizers & Chemicals Ltd. (GNFC).	Director and Member – Audit Committee
3	Gcap World Softech Private Limited.	Director

She does not hold any Equity Share in the Company.

Shri Arvind Agarwal, IAS (Retd.) (DIN: 00122921)

Shri Arvind Agarwal, IAS, (DIN: 00122921), aged 60 years, is a Senior Retired IAS Officer from Indian Administrative Services. He has done Post Graduation in Commerce. He has very rich and varied experience of more than Thirty Three (33) years and has held distinguished positions in the Government of Gujarat (GoG) like District Development Officer and Collector - Bharuch, Labour Commissioner, Industries Commissioner, Additional Chief Secretary to Govt. of Gujarat, Education, Industries & Mines Departments, Finance Department, Forest & Environment Dept, GoG.

He was Managing Director, Gujarat State Financial Corporation Ltd., Vice Chairman & Managing Director, Gujarat Industrial Development Corporation (GIDC). He has rich experience in the field of Finance, Management and Administration.

He has authored a Book in Gujarati viz. "Panchayat Parichay". He was awarded as "Best Collector" during his posting in Bharuch.

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

Details of his Directorships and Committee Chairmanship / Membership are as follows:

1	Gujarat State Fertilizers & Chemicals Ltd.	Chairman & Managing Director Chairman – Corporate Social Responsibility Committee. Member - Nomination & Remuneration Committee. Member – Stakeholders Relationship Committee.
2	GSFC Agrotech Ltd.	Chairman
3	Gujarat Green Revolution Co. Ltd.	Chairman
4	Gujarat Narmada Valley Fertilizers & Chemicals Ltd.	Director
5	Indian Potash Ltd.	Director
6	Gujarat Port and Logistics Company Ltd.	Director
7	Fertilizer Association of India.	Director

He does not hold any Equity Share in the Company.

Shri Pankaj Joshi, IAS (DIN: 01532892)

Shri Pankaj Joshi, IAS, (DIN: 01532892), aged 54 years, is a Senior IAS Officer with distinguished academic background of B.Tech. in Civil Engineering, M.Tech. in Water Resource Engineering, IIT, New Delhi and M.Phil. in Defence & Strategic Studies.

Having joined the Indian Administrative Service in 1989, he has held various important positions in the GoG in various departments like Energy & Petrochemicals, Land Revenue, Personnel and General Administration, Urban Development and Education Department for about 20 (Twenty) years. He has also worked with the Union Government in various Departments like Urban Development, Social Justice and Empowerment, Public Transport etc. for about 6 (Six) years. He has wide experience at the Senior level in the Public Administration and Policy in various areas.

Presently, he is Additional Chief Secretary to GoG, Finance Department, Government of Gujarat.

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

1	Gujarat State Investments Ltd.	Chairman Chairman – Audit Committee Member- Corporate Social Responsibility Committee
2	Gujarat Narmada Valley Fertilizers & Chemicals Ltd..	Managing Director Chairman- Risk Management Committee. Member – Audit Committee. Member - Corporate Social Responsibility Committee. Member – Stakeholders Relationship Committee
3	Gujarat State Financial Services Ltd.	Managing Director Member – Audit Committee Chairman - Corporate Social Responsibility Committee.
4	Gujarat Alkalies & Chemicals Ltd.	Director Member – Audit Committee Member - Corporate Social Responsibility Committee
5	Gujarat State Fertilizers & Chemicals Ltd.	Director Member – Audit Committee Member - Corporate Social Responsibility Committee
6	Gujarat State Petroleum Corporation Ltd.	Director Member – Audit Committee
7	Sardar Sarovar Narmada Nigam Ltd.	Director
8	Gujarat International Finance Tech City Ltd.	Director Member – Audit Committee
9	Gujarat State Petronet Ltd.	Director Member – Audit Committee
10	Gujarat Metro Rail Corporation Ltd.	Director Member – Audit Committee Member - Corporate Social Responsibility Committee

He does not hold any Equity Shares in the Company.

DIRECTORS' REPORT

To,
The Members,

Your Directors have immense pleasure in presenting this 44th 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, 2020.

FINANCIAL RESULTS AND STATE OF COMPANY'S AFFAIRS

During the year under review, the Company achieved satisfactory performance on operational and financial fronts. The Company established total 123 new Records during FY 2019-20, out of which 98 and 25 Records were established in Production and Sale / Dispatch respectively.

The Financial Highlights on Standalone basis are summarized below:

(Rs. in Crore)

Particulars		Standalone	
		2019-20	2018-19
Income from operations		**5162**	5896
Other Income		**153**	221
Total Income		**5315**	6117
Total Expenditure		**4621**	5028
Profit before Depreciation, Finance Cost and Tax		**694**	1089
Depreciation		**264**	263
Finance Cost		**5**	6
Profit Before Tax		**425**	819
Tax Expense		**(74)**	78
Net Profit for the year	**A**	**499**	741
Re-measurement of Losses on defined employee benefit plans (Net of tax)	**B**	**(14)**	(48)
Balance brought forward from previous year	**C**	**1566**	1189
Amount available for Appropriation	**A+B+C**	**2051**	1882
Appropriations :			
Dividend paid		**109**	117
Tax on Dividend		**22**	24
Transferred to General Reserve		**-**	175
Surplus carried to Balance Sheet		**1920**	1566

Emergence of Covid-19

Towards the end of the financial year, the World Health Organization (WHO) declared Covid-19 a pandemic and the outbreak, which infected millions, has resulted in deaths of a significant number of people globally. Covid-19 is seen having an unprecedented severe impact on people and economies worldwide.

The Company is taking all required measures in terms of mitigating the impact of the challenges being faced in its business. The Company is working towards being resilient in order to sail through the current situation. It has focused on controlling the fixed costs, maintaining liquidity and closely monitoring the supply chain to ensure that the manufacturing facilities operate smoothly.

In order to support the State Governments and the community at large, the Company has supplied hand sanitizers, food kits, etc. as a part of CSR activities. In addition to this, the Company also contributed Rs.10.00 Crores to the "Chief Minister's Relief Fund", Gujarat, to fight against outbreak of Covid-19 Pandemic in Gujarat. The Employees have also contributed their one-day Salary for this noble cause.

COMPANY'S PERFORMANCE OVERVIEW

1.0 Operational Performance:

Your Company has achieved excellent operational performance during the year under review and in the process achieved ever highest yearly production in major Plants viz. Ammonia (6,88,567 MTs i.e. 154.56%), Formic Acid (22,547 MTs i.e. 225.47%), Acetic Acid (1,66,665 MTs i.e. 166.67%), Urea including Technical Grade (8,29,656 MTs i.e. 130.27%), Weak Nitric Acid I&II (4,41,125 MTs i.e. 126.94%), TDI-I (19,519 MTs i.e. 139.42%). Most Plants performed at over 100% capacity utilization level and special focus was given on energy conservation and cost saving measures across all operational aspects.

During the FY 2019-20, TDI-II Plant at Dahej also achieved production of 40,712 MTs with capacity utilization of 81%. Lower capacity utilization is mainly attributable to poor market sentiments during the Q3 of FY 2019-20 resulting in to Plant stoppage due to high inventory followed by Annual Planned shutdown of about one and half months and the adverse impact of Covid-19 pandemic. The operational reliability of TDI-II Plant has improved on account of implementation of various ongoing reliability measures / schemes by your Company.

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 2019-2020 on Standalone basis. While the performance of Chemical Segment remained satisfactory with segment profit of Rs. 166 Crore, the Fertilizer Segment also performed better with segment profit of Rs. 216 Crore during FY 2019-20. The continued emphasis on higher productivity, efficiency improvement, energy saving, cost control / saving measures and concerted efforts at all levels have resulted into achieving satisfactory Financial Results for FY 2019-20. However, Financials have been adversely impacted mainly due to (i) increase in the prices of Key Raw Materials viz Oil, Benzene, Toluene, Natural Gas etc. (ii) reduction in sale prices of major industrial products namely TDI, Aniline, Acetic Acid, Formic Acid, Ethyl Acetate resulting into substantial reduction in both Revenue and Operating Profit.

During the year 2019-20, the Company achieved total turnover of Rs. 5162 Crore compared to Rs. 5896 Crore during FY 2018-19. Profit Before Tax (PBT) and Profit After Tax (PAT) stood at Rs. 425 Crore and Rs. 499 Crore against Rs. 819 Crore and Rs. 741 Crore in the FY 2018-19 respectively. The Company has achieved export turnover of Rs.302 Crore during the FY 2019-20.

Net Profit on Consolidated basis was Rs. 508 Crore for the FY 2019-20 compared to Rs. 750 Crore in FY 2018-19.

SALES

1.0 Industrial Products:

The year 2019-20 was challenging year for Chemical business in the Country due to substantial increase in cost of key inputs coupled with increased competition due to cheaper imports from International Markets. Moreover, COVID-19 pandemic will have cascading adverse effects on all the business worldwide with no exception to the Chemical Industry, wherein prices of Chemicals were already seeing a downward pressure since 2018-19. Under this competitive scenario, Chemical business has positively contributed to the profitability of the Company despite majority of chemicals witnessing a downward pricing trend in International as well as domestic market.

The performance of Chemicals business was satisfactory and substantially contributed in the profitability of your Company. During FY 2019-20, the Company sold in aggregate 7,76,176 MTs of Industrial Products against 7,47,718 MTs during FY 2018-19 and achieved total sales turnover of Rs. 2,836 Crore as compared to Rs. 3,781 Crore during FY 2018-19. The satisfactory performance of Chemical Segment was mainly attributed to planned marketing strategy and dynamic pricing of the Company's products. Ever highest sales was recorded in AN Melt.

The Company is one of the largest producers of Industrial Chemicals in India, with TDI, Acetic Acid, and Formic Acid, being its core products. The Company is the only manufacturer of Toluene Di Isocyanate (TDI) in South-East Asia. The Company has so far exported its products to more than 80 countries worldwide. The satisfactory performance of Chemical Segment was mainly attributed to planned marketing strategy and dynamic pricing of Company's products.

2.0 Fertilizer Business:

Your Company performed reasonably well in fertilizers business during FY 2019-20. The Company achieved total sale of 6.78 lacs MTs of Urea, which was ever highest as compared to 6.48 lacs MTs in FY 2018-19. The sale of Nitro phosphate was marginally lower at 1.85 lacs MTs compared to 2.01 lacs MTs in FY 2018-19. Lower sales volume of Ammonium Nitro phosphate (ANP) was due to effect of Covid-19 pandemic in the last month of FY 2019-20. The Company sold around 67,000 MTs fertilizers through Company's own 57 Narmada Khedut Sahay Kendras, out of the total 8,79,323 MTs of fertilizers sold by the Company in FY 2019-20.

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 16,107 MTs of Fertilizers were sold as a part of trading activities.

3.0 (n)Code Solutions – IT Division:

During the year under review, (n)Code Solutions - IT Division of the Company has also realigning itself to better service the needs of its customer base and creating newer benchmarks by achieving CMMiSVC level 5, which is highest level of order in service domain. This division has registered sales turnover of Rs. 75 Crore and Profit of Rs. 20 Crore across its all business segments. (n)Code services have delivered recognition to its customers at national level and has started to leave its foot print in Smart City / System Integration domain. It has been recognized in domestic market for its excellence in Data Center set-up and maintenance and on international level for Data Security.

While (n)Code has been delivering services, it has carved a niche and is now known to be the most compliance organization due to IT services in areas of Digital Signature Certificate and e-Procurement with high level of transparency. (n)Code has been instrumental in supporting GOI's "Ease of doing Business" initiative by extending Software / Application development and support, Smart City / System Integration, Data Centre Operations, Project Management, Quality and Audit Consultancy, etc.

The challenges on Manpower iterations and increased compliances have made (n)Code agile in its execution methodology. There is good progress on on-going smart city projects. (n)Code has now set a vision to spread its wings pan India to deliver convenience to business using its suit of software products.

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 2019-20, long term growth strategy and to ensure that the shareholders get sustained return on their investment, your Directors have recommended a dividend of Rs.5/- per share (@50%) on 15,54,18,783 equity shares of Rs.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 Rs.77.71 Crore. This amounts to 15.58% of the Net Profit of the Company.

APPROPRIATIONS:

Your Company has registered a Net Profit of Rs.498.85 Crore for FY 2019-20. After deducting therefrom Rs.14.42 Crore being the re-measurement losses on defined employee benefit plans and adding thereto Rs.1566.66 Crore being the balance of Statement of Profit & Loss brought forward from previous year, an amount of Rs.2051.09 Crore is available for appropriation. Out of this, Rs.131.15 Crore (inclusive of Tax on Dividend) is appropriated towards payment of dividend for FY 2018-19. The balance amount of Rs.1919.94 Crore is proposed to be carried to Balance Sheet.

FERTILIZER INDUSTRY – GOVERNMENT POLICY:

The Government of India announced Nutrient Based Subsidy (NBS) rates for FY 2020-21, at the rate of Rs.6,735/- per MT for ANP. There is a marginal reduction in the rates of subsidy per MT compared to previous year. 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 through-out the Country from March 2018. Though the Scheme is called DBT, subsidy continues to be routed through the Industry. This Scheme has changed the business model for Fertilizers Companies. Under this Scheme, the Subsidy becomes due only on sale of fertilizers by the Retailers to the farmers through POS (Point of Sales) machines. Earlier 95% and 90% of the subsidy amount of Urea and Nitro Phosphate respectively were paid on receipt of fertilizers at the field warehouses/retailers.

As a pro-active measure, your Company has adopted Retailers oriented marketing strategies in such a way that the flow of Subsidy has not been affected much. Sales of Company's fertilizers to farmers through POS machines almost matched with dispatch of fertilizers by the Company.

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:**

   Your Company 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 F.Y. 2021-22 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 second Quarter of F.Y. 2021-22.

3. **Solar Power Generation Project:**

   To fulfill Renewable Purchase Obligation, 10 MW Solar Power Project at Charanka Solar Park P.O: Charanka, Dist.: Patan is under implementation. The Project will be completed by second Quarter of F.Y. 2021-22.

4. **Ammonia Plant revamp:**

   It is possible to increase the Ammonia production capacity from 1,900 MTPD to 2,050 MTPD by installation of Ammonia Make-up Gas Convertor Loop, in existing Ammonia Synthesis Loop. This will increase Ammonia production by 50,000 MT per annum. Actions have been initiated for implementation of this revamp and it is expected to be completed by third Quarter of F.Y. 2023-24.

5. **The Neem Project:**

   A large scale Neem Seed expelling / extraction unit is under implementation to produce about 2,900 MT Neem oil and about 22,000 MT per annum Neem cake and it is expected to be completed by second Quarter of F.Y. 2021-22.

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

   The Company has set up 100 MT/Hr capacity Gas Based Boiler at TDI-II Complex, Dahej, to meet captive steam requirement while power is being sourced from DGVCL Grid. There is large variation in gas prices. In order to reduce cost of steam and power and to improve their reliability, a coal based Captive Co-generation Power Plant with a capacity to produce 18 MW power and 150 MT/hr steam is actively being considered.

The above mentioned new Projects / Revamp Schemes would be implemented with estimated investment between Rs.1000 ~ Rs. 1200 Crore.

AWARDS & RECOGNITIONS:

Your Directors are delighted to inform that the Company's overall performance has been recognized and honored through several prestigious Awards for its best practices, business excellence etc. as follows:

1) 4th Rank in Environmental Green rating of Indian Fertilizer Industry under its Green Rating Project (GRP).

2) Participated in 16th National Awards for Excellence in Cost Management 2018, arranged by the Institute of Cost Accountants of India and the Company got Third Position in the Category of Manufacturing - Public Sector - Mega Unit.

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, 2020, 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, 2020 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:

In terms of the approval accorded by the Board of Directors in its Meeting held on 11-02-2020, the Securities held by GNFC Employees' Fund Trust, were transferred at fair value to the Company, amounting to Rs.730.71 Crores due to surrendering of exemption of GNFC Employees' Provident Fund Trust to the Employees' Provident Fund Organization (EPFO), Government of India w.e.f. 31st March, 2020.

DETAILS OF SUBSIDIARY / JOINT VENTURES / ASSOCIATE COMPANIES:

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

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

Ecophos GNFC India Pvt. Ltd. (EGIL) a Joint Venture Company was promoted with EcoPhos S.A., Belgium (EcoPhos). EGIL has not been able to commence its business so far due to financial and administrative limitations. Hence, the Operational and Financial performance are not furnished in this Report. As informed by the Trustee / Curator, appointed by the Belgian Court, EcoPhos is declared Bankrupt under the Laws of Belgium. The Trustee has begun Liquidation proceedings for EcoPhos under the Bankruptcy Laws of Belgium.

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 2019-20 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. 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 F.Y. 2019-2020.

PARTICULARS OF CONTRACT OR ARRANGEMENT MADE WITH RELATED PARTY:

The Policy for Related Party Transactions (RPTs) deals with review and approval of RPTs and the same is available on the Company's website at web link http://www.gnfc.in/aboutus/corporate-policies.html The Audit Committee has granted Omnibus approval for RPTs, which are routine and repetitive in nature, based on the criteria approved by the Board of Directors within the overall framework of the said Policy. All RPTs under 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 2019-20. 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:

Four (4) Meetings of the Board of Directors were held during the year.

(ii) Committees of the Board:

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

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

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

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

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

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

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

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

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Chairman of the Company:

Dr. J. N. Singh, IAS (Retd.) has tendered his resignation as Director and Chairman on the Board, effective from 06th December, 2019. Shri Anil Mukim, IAS, Chief Secretary to Government of Gujarat (GoG) was nominated by GoG as Government Nominee Director on the Board vice Dr. J. N. Singh, IAS (Retd). Accordingly, Shri Anil Mukim, IAS, has been appointed as Nominee Director and Chairman of the Company w.e.f. 13th December, 2019.

Retirement of Director(s) by Rotation:

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

Declaration by Independent Directors:

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

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).

Key Managerial Personnel:

During the year under review, Shri A C Shah, (ACS No. 07564) has been appointed as "Company Secretary, Compliance Officer and Key Managerial Personnel" of the Company w.e.f. 11th February, 2020 in place of Shri T. J. Lakhmapurkar, resigned.

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 2,65,553 shares held by 4,403 Shareholders in respect of which dividend amount remained unpaid / unclaimed for a consecutive period of seven years or more to IEPF Authority within stipulated time.

The details of unpaid / unclaimed dividend and the shares transferred to IEPF Authority are available on the Company's website at web links- http://www.gnfc.in/unpaiddividend.html and https://www.gnfc.in/transfer-of-shares-to-iepf-authority.html respectively.

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

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

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM AND ITS ADEQUACY:

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

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

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

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

EXTRACT OF ANNUAL RETURN:

As per the requirement of Section 92(3) of the Act read with Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, the Extract of the Annual return in the Form MGT-9 is given in Annexure - A to this Report. The same is available on the Company's Website at web-link - https://www.gnfc.in/mgt-9-extract-annual-return.html

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 http://www.gnfc.in/corporate-social-responsibility.html 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 - B to this Report. The said Report on CSR activities inter-alia includes the reasons for not spending the amount of 2% of average net profits of last three financial years by the Company, as required under Section 135(5) of the Act.

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 REPORT:

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

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

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

PARTICULARS OF EMPLOYEES AND REMUNERATION:

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

AUDITORS AND AUDITORS' REPORT:

Pursuant to the provisions of Section 139 and other applicable provisions of the Act and relevant Rules made there under, the Members of the Company had at their 40th AGM held on 30th September, 2016 appointed M/s SRBC & Co. LLP, Chartered Accountants, a Member Firm of E&Y India as Statutory Auditors of the Company for a term of five consecutive years, until the conclusion of 45th AGM to be held in the year 2021, on such remuneration as may be determined by the Board of Directors, based on the recommendation of Audit Committee plus applicable taxes and reasonable out of pocket expenses actually incurred by them during the course of Audit and subject to ratification of their appointment at every AGM held thereafter.

However, in view of the amendment in Section 139(1) vide the Companies Amendment Act, 2017, ratification for appointment of Statutory Auditors is not required at every AGM, when the Auditors have been appointed for a term of five years. Hence, resolution for the same is not included in the Notice of this AGM.

Notes to Financial Statements (Standalone and Consolidated) forming part of Audited Financial Statements for FY 2019-20 are self-explanatory and need no further explanation. The Auditors' Reports on Audited Financial Statements (Standalone and Consolidated) do not contain any Modified Opinions.

COST AUDITOR

The Board of Directors in its Meeting held on 10-07-2020, based on the recommendations of Audit Committee, has appointed M/s Dalwadi & Associates, Cost Accountants, Ahmedabad, as the Cost Auditor of the Company for the F.Y. 2020-21 at a remuneration of Rs.4.60 Lakhs per annum plus out of pocket expenses and statutory levies.

In accordance with Section 148 of the Act read with Rule 14 of the Companies (Audit & Auditors) Rules, 2014, the remuneration of Rs.4.60 Lakhs per annum payable to Cost Auditors for the FY 2020-21 is subject to ratification by the Shareholders at the AGM. Therefore, a suitable Resolution in this regard has been proposed in the Notice of this AGM for your approval.

The Company had e-filed the Cost Audit Report for the FY 2018-19 with the Ministry of Corporate Affairs (Cost Audit Branch) on 11th September, 2019. The due date of filing the said Report was 30th September, 2019.

SECRETARIAL AUDITOR:

In pursuance of Section 204 of the Act and the Rules made thereunder, the Board of Directors in its Meeting held on 11-02-2020 re-appointed M/s J.J.Gandhi & Co., Practicing Company Secretaries, Vadodara as Secretarial Auditor for FY 2019-20. The Secretarial Audit Report in Form MR-3 in respect of Secretarial Audit work carried out by them for FY 2019-20 is enclosed at Annexure – G 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 – H to this Report and the same is also available on the Company's website at web link http://www.gnfc.in/PDFandWORD/Dividend-Distribution-Policy.pdf

DISCLOSURE ON COMPLIANCE OF SECRETARIAL STANDARDS:

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

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

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

FIXED DEPOSITS:

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

INSURANCE:

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

INDUSTRIAL RELATIONS:

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

Your Directors 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,

Shri Anil Mukim, IAS
Chairman

Place : Gandhinagar
Date: 14th July, 2020

ANNEXURE - A

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2020

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC / HS Code of the Product / Service	% to total turnover of the company
1.	Neem Urea	NIC Code : 20121	33% (including amount of subsidy)
2.	Toluene Di-Isocynate (TDI)	HS Code : 2929102	15%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held as at 31.03.2020	Applicable Section
1.	Gujarat Green Revolution Co. Ltd. Fertilizernagar Township PO : Fertilizernagar – 391 750 District – Vadodara, Gujarat	U63020GJ1998PLC035039	Associate	46.87%	Section 2(6)
2.	Gujarat Ncode Solutions Limited* 14th Floor, Gift One Tower, Gift City, Gandhinagar – 382 355, Gujarat.	U72900GJ2017PLC095993	Subsidiary	100%	Section 2(87)

* The Company has applied to the Registrar of Companies (RoC), for removal of its name from the Register of RoC (Form STK 2 filed on 5th March, 2020) in accordance with Section 248 of the Companies Act, 2013.

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

(i) Category-wise Share Holding

	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
A	**Promoters**									
1.	**Indian**									
a.	Individual/ HUF	-	-	-	-	-	-	-	-	-
b.	Central Govt.	-	-	-	-	-	-	-	-	-
c.	State Govt(s)	-	-	-	-	-	-	-	-	-
d.	Bodies Corporate	64006713	-	64006713	41.18	64006713	-	64006713	41.18	-
e.	Banks/ FIs	-	-	-	-	-	-	-	-	-
f.	Any Other	-	-	-	-	-	-	-	-	-
	Sub-total (A)(1):-	**64006713**	**-**	**64006713**	**41.18**	**64006713**	**-**	**64006713**	**41.18**	**-**
2	**Foreign**									
a.	NRIs-Individuals	-	-	-	-	-	-	-	-	-
b.	Other- Individuals	-	-	-	-	-	-	-	-	-
c.	Bodies Corporate	-	-	-	-	-	-	-	-	-
d.	Banks/ FIs	-	-	-	-	-	-	-	-	-
e.	Any Other	-	-	-	-	-	-	-	-	-
	Sub-total (A)(2) :-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total Shareholding of Promoters (A) = (A)(1)+ (A)(2)	**64006713**	**-**	**64006713**	**41.18**	**64006713**	**-**	**64006713**	**41.18**	**-**
B	**Public Shareholding**									
1.	**Institutions**									
a.	Mutual Funds	4281759	9500	4291259	2.76	4897144	9100	4906244	3.16	0.40
b.	Banks/ FIs	16824894	6817	16831711	10.83	17981286	6717	17988003	11.57	0.74
c.	Central Govt.	-	-	-	-	-	-	-	-	-
d.	State Govt.(s)	-	-	-	-	-	-	-	-	-
e.	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f.	Insurance Companies	-	-	-	-	-	-	-	-	-
g.	FIIs	113768	800	114568	0.07	50	550	600	-	-0.07
h.	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i.	Others (FPIs)	21701701	-	21701701	13.96	19208302	-	19208302	12.36	-1.60
	Sub-total (B)(1):-	**42922122**	**17117**	**42939239**	**27.63**	**42086782**	**16367**	**42103149**	**27.09**	**-0.54**
2.	**Non- Institutions**									
a.	Bodies Corporate									
	(i) Indian	4661760	19543	4681303	3.01	3975827	18101	3993928	2.57	-0.44
	(ii) Overseas	-	700	700	-	-	700	700	-	-
b.	Individuals									
	(i) Individual shareholders holding nominal share capital upto Rs.1 lakh	24247008	6085632	30332640	19.52	26329695	5407858	31737553	20.42	0.90
	(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	6420051	51000	6471051	4.16	5849038	-	5849038	3.76	-0.40
c.	Others									
	(i) Trusts	147411	-	147411	0.09	147746	-	147746	0.10	-

	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	(ii) Co-op Societies	1672	332802	334474	0.22	2276	327647	329923	0.21	-
	(iii) Clearing Members Pool A/c	239851	-	239851	0.15	389040	-	389040	0.25	0.10
	(iv) Unclaimed Suspense A/c	41006	-	41006	0.03	35985	-	35985	0.02	-
	(v) Foreign Banks	999	1710	2709	-	650	1660	2310	-	-
	(vi) HUF	1572885	-	1572885	1.01	1493090	-	1493090	0.96	-0.05
	(vii) NRI	1862694	1012837	2875531	1.85	2351959	945537	3297496	2.12	0.27
	(viii) IEPF	1773270	-	1773270	1.14	2032112	-	2032112	1.31	0.17
	Sub-total (B)(2)	**40968607**	**7504224**	**48472831**	**31.19**	**42607418**	**6701503**	**49308921**	**31.73**	**0.54**
	Total Public Shareholding (B) = (B)(1) + (B)(2)	**83890729**	**7521341**	**91412070**	**58.82**	**84694200**	**6717870**	**91412070**	**58.82**	**-**
C	**Shares held by Custodian for GDRs**	-	-	-	-	-	-	-	-	-
	Grand Total (A+B+C)	**147897442**	**7521341**	**155418783**	**100.00**	**148700913**	**6717870**	**155418783**	**100.00**	-

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the company	% of shares Pledged / encumbered to total shares	
1.	Gujarat State Investments Limited	33227546	21.38	-	33227546	21.38	-	-
2.	Gujarat State Fertilizers & Chemicals Ltd	30779167	19.80	-	30779167	19.80	-	-
	Total	**64006713**	**41.18**	**-**	**64006713**	**41.18**	**-**	**-**

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

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

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

Sr. No	Name of Shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	**Life Insurance Corporation of India**				
	At the beginning of the year	11791612	7.59	11791612	7.59
	Bought during the year	-	-	11791612	7.59
	Sold during the year	-	-	11791612	7.59
	At the end of the year	11791612	7.59	11791612	7.59
2	**Fidelity Puritan Trust - Low Priced Stock Fund**				
	At the beginning of the year	4800000	3.09	4800000	3.09
	Bought during the year	-	-	4800000	3.09
	Sold during the year	-	-	4800000	3.09
	At the end of the year	4800000	3.09	4800000	3.09
3	**General Insurance Corporation of India**				
	At the beginning of the year	3680690	2.37	3680690	2.37
	Bought during the year	-	-	3680690	2.37
	Sold during the year	-	-	3680690	2.37
	At the end of the year	3680690	2.37	3680690	2.37
4	**Aditya Birla Sun Life Trustee Company Private Limited A/C Aditya Birla Sun Life Pure Value Fund**				
	At the beginning of the year	2401196	1.54	2401196	1.54
	Bought during the year	916614	0.59	3317810	2.13
	Sold during the year	311574	0.20	3006236	1.93
	At the end of the year	3006236	1.93	3006236	1.93
5	**The New India Assurance Company Limited**				
	At the beginning of the year	1090613	0.70	1090613	0.70
	Bought during the year	546888	0.35	1637501	1.05
	Sold during the year	-	-	1637501	1.05
	At the end of the year	1637501	1.05	1637501	1.05
6	**Aditya Birla Sun Life Trustee Private Limitd A/C Aditya Birla Sun Life Small and Midcap Fund**				
	At the beginning of the year	1150000	0.74	1150000	0.74
	Bought during the year	-	-	1150000	0.74
	Sold during the year	-	-	1150000	0.74
	At the end of the year	1150000	0.74	1150000	0.74

Sr. No	Name of Shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
7	**State Street Emerging Markets Small Cap Active Non-Lending QIB Common Trust Fund**				
	At the beginning of the year	913880	0.59	913880	0.59
	Bought during the year	198777	0.13	1112657	0.72
	Sold during the year	128281	0.08	984376	0.63
	At the end of the year	984376	0.63	984376	0.63
8	**Stiching Depositary APG Emerging Markets Equity Pool**				
	At the beginning of the year	740433	0.48	740433	0.48
	Bought during the year	380653	0.24	1121086	0.72
	Sold during the year	204160	0.13	916926	0.59
	At the end of the year	916926	0.59	916926	0.59
9	**LSV Emerging Markets Equity Fund LP**				
	At the beginning of the year	799800	0.51	799800	0.51
	Bought during the year	-	-	799800	0.51
	Sold during the year	-	-	799800	0.51
	At the end of the year	799800	0.51	799800	0.51
10	**Australiansuper**				
	At the beginning of the year	661600	0.43	661600	0.43
	Bought during the year	-	-	661600	0.43
	Sold during the year	-	-	661600	0.43
	At the end of the year	661600	0.43	661600	0.43

Notes:

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

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

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

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

V. INDEBTEDNESS

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

(Rs in Crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	199.55	-	-	199.55
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	**199.55**	**-**	**-**	**199.55**
Change in Indebtedness during the financial year				
• Addition	412.63	450.17	-	862.80
• Reduction	204.30	-	-	204.30
Net Change	**208.33**	**450.17**	**-**	**658.50**
Indebtedness at the end of the financial year				
i) Principal Amount	407.82	450.00	-	857.82
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.06	0.17	-	0.23
Total (i + ii + iii)	**407.88**	**450.17**	**-**	**858.05**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager M S DAGUR (MD)**	Total Amount (in Rs.)
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	1837137	1837137
	(b) Value of perquisites u/s 17(2) of Income-Tax Act, 1961	451279	451279
	(c) Profits in lieu of salary under Section 17(3) of Income- Tax Act, 1961	-	
2.	Stock Option	-	
3.	Sweat Equity		
4.	Commission • as % of profit • others, specify...		
5.	Others, please specify		
	Total (A)	**2288416**	**2288416**
	Ceiling as per the Act		

B. Remuneration to other Directors

	Particulars of Remuneration	Name of Directors					Total Amount in Rs.
1.	**Independent Directors**	**Shri Sunil Parekh**	**Shri Piruz Khambatta[7]**	**Prof. Arvind Sahay**	**Shri C S Mani[3]**	**Smt. Gauri Kumar, IAS (Retd.)[6]**	
	Fee for attending Board /Committee Meetings	345000	-	120000	15000	-	480000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)						**4,80,000**
2.	**Other Non-Executive Directors**	**Shri Anil Mukim, IAS*[2]**	**Dr. JN Singh, IAS (Retd.)*[1]**	**Smt. Mamta Verma***	**Shri Sujit Gulati, IAS (Retd.)*[4]**	**Shri B.B. Bhayani[5]**	
	Fee for attending board/ committee meetings	15000	45000	180000	60000	15000	315000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)						**315000**
	Total (B)=(1+2)						**795000**
	Total Managerial Remuneration						**795000**
	Overall Ceiling as per the Act						**Not Applicable**

Notes:

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

* Amount Deposited in Government Treasury
1 Ceased to be Chairman and Director vide resignation effective from 06.12.2019.
2 Appointed as Chairman and Director w.e.f. 13.12.2019.
3 Ceased to be Diector vide resignation w.e.f. 22.07.2019.
4 Ceased to be Director vide resignation dated 30.01.2020.
5 Appointed as Additional Director w.e.f 11.02.2020.
6 Appointed as Additional Director (Independent Category) w.e.f 30.03.2020
7 Opted not to receive Sitting Fees

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

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CFO D.V.Parikh	CS T.J. Lakhmapurkar[1]	CS A C Shah[1]	
1.	Gross salary				
(a)	Salary as per provisions contained in Section 17(1) of Income-Tax Act, 1961	3172405	2703284	263754	**6139443**
(b)	Value of perquisites u/s 17(2) of Income Tax Act, 1961	535449	251164	19122	**805735**
(c)	Profits in lieu of salary under Section 17(3) of Income Tax Act, 1961	-	-	-	
2.	Stock Option	-	-	-	
3.	Sweat Equity	-	-	-	
4.	Commission	-	-	-	
	• as % of profit	-	-	-	
	• others, specify.	-			
5.	Others, please specify				
	PF Contribution	149765	137555	14849	**302169**
	Pension Contribution	-			
	Total	**3857619**	**3092003**	**297725**	**7247347**

1 Shri T.J. Lakhmapurkar ceased to be Company Secretary and Compliance Officer w.e.f. 10th February, 2020 and Shri A C Shah was appointed as Company Secretary and Compliance Officer w.e.f. 11th February, 2020.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

The Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards except relating to an appointment of Independent Woman Director and fine raised by BSE and NSE was paid. On 30th March, 2020 Smt. Gauri Kumar, IAS (Retd.) was appointed as an independent woman Director.

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

ANNEXURE - B

ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR 2019-20

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

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

The Board of Directors, upon recommendation of CSR Committee approved the CSR Policy of the Company in its Meeting held on 30-01-2015.

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

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

2. Composition of the CSR Committee:

CSR Committee comprises of following 4 (Four) Members of Board: as on 31-3-2020

I.	Prof. Arvind Sahay	:	Chairman (Non-Executive and Independent Director)
II.	Shri Sunil Parekh	:	Member (Non-Executive and Independent Director)
III.	Shri Piruz Khambatta	:	Member (Non-Executive and Independent Director)
IV.	Shri M.S. Dagur	:	Member / Managing Director (Executive and Non Independent Director)

Sr. No	Particulars	Amount (INR In Lakh)
3.	Average Net Profit of the Company for last three Financial Years	80063
4.	Prescribed CSR Expenditure (2% of the amount as shown in Item 3 above)	1601
5.	Details of CSR spent during the financial year	
	Total amount to be spent for the Financial Year	1601
	a) Total amount spent for the Financial Year	420.39
	b) Amount unspent, if any	1180.61

C) Manner in which the amount spent for the Financial Year is detailed below:- **(Rs. in Lakhs)**

Sr. No.	CSR Project or activity identified	Sectors in which the project is covered	Project or Program		Amount outlay (Budget) project or programs wise	Amount spent on the project or programs wise		Cumulative expenditure up to the reporting period	Amount spent	
			Local Area or other	State and district where projects or programs was undertaken		Direct expenditure on Projects or programs	Over-heads		Direct	Through implementing agency
1	2	3	4		5	6		7	8	
1.	The Neem Project - A women empowerment project	Livelihood Project	Other	Gujarat State as a whole	86.93	86.93	....	86.93	....	
2.	Digital Initiatives on Social Media	Rural Development Preventive Health Care & Sanitation	Other	Gujarat State as a whole	31.08	31.08	....	31.08	....	
3.	Distribution of Neem Soap under Swachchh Bharat Abhiyan	Rural Development Preventive Health Care & Sanitation	Other	Gujarat State as a whole	191.63	191.63	....	191.63	....	
4.	Social Mobilization, Awareness & Training in Neem Project	Livelihood Project	Other	Gujarat State as a whole	39.78	39.78	....	39.78	....	
5.	Development Activities in Paguthan Prathmik Shala	Promoting Education	Local	Bharuch	5.20	5.20	....	5.20	....	

(Rs. in Lakhs)

Sr. No.	CSR Project or activity identified	Sectors in which the project is covered	Project or Program		Amount outlay (Budget) project or programs wise	Amount spent on the project or programs wise		Cumulative expenditure up to the reporting period	Amount spent	
			Local Area or other	State and district where projects or programs was undertaken		Direct expenditure on Projects or programs	Over-heads		Direct	Through implementing agency
1	2	3	4		5	6		7	8	
6.	Support to Aurusha Creations	Rural Development	Other	Gujarat State as a whole	19.80	19.80	....	19.80	....	
7.	Vocational Training Project	Livelihood Enhancement Project	Local	Bharuch	14.25	14.25	....	14.25	....	
8.	Kala Gurjari-Gandhinagar	Art & Culture	Other	Gujarat State as a whole	0.25	0.25	....	0.25	....	
9.	Flood Relief Campaign	Disaster Management	Other	Vadodara	5.60	5.60	....	5.60	....	
10.	Mobile Medical Van Project	Health Care	Local	Bharuch	4.50	4.50	....	4.50	....	
11.	Support to Meritorious Students of Bharuch	Promoting Education	Local	Bharuch	0.92	0.92	....	0.92	....	Narmadanagar Rural Development Society (NARDES)
12.	Aashirwad recreation centre for elderly people	Promoting facilities for senior citizens	Local	Bharuch	1.25	1.25	....	1.25	....	
13.	Health Check-up camp for needy women	Health Care	Local	Bharuch	0.90	0.90	....	0.90	....	
14.	Distribution of Food Packets (Ration kits) during COVID-19	Disaster Management	Local	Bharuch	8.30	8.30	....	8.30	....	
15.	CSR Reserve fund for any other initiative	Rural Development Preventive Health Care, Promoting Education etc.	Local	Bharuch	10.00	10.00	....	10.00	....	
Total					**420.39**	**420.39**		**420.39**		

6. In case, the Company has failed to spend the Two percent of Average Net Profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report:

a. The Company believes in creating a positive impact over the Society to the extent feasible and is strongly committed towards Corporate Social Responsibility (CSR) and has been making contributions to various socially useful projects in accordance with its CSR Policy. The Company has taken wiser steps to ensure its operations as well as serve the Community much before the new Companies Act, 2013 came into effect for spending minimum 2% of average net profit of preceding three years.

b. The Company is implementing the CSR Activities / Projects through its CSR Wing Narmadanagar Rural Development Society (NARDES). The Company has spent a sizable amounts under CSR i.e. Rs.18.55 Crores, Rs.17.36 Crores, Rs.5.6 Crores, Rs.13.13 Crores and Rs.1.26 Crores from FY 2009-10 to FY 2013-14 respectively. In FY 2016-17 and FY 2017-18, the Company has spent 3.57% and 4.70% of the average net profit of preceding three years.

c. In consonance with the provisions outlined in Section 135 of the Companies Act, 2013 to spend minimum 2% of the average net profit of preceding three years, an amount of INR 1601 Lakh (2%) was required to be spent on CSR Activities in FY 2019-20. However, INR 420.39 Lakh (0.53% of Average net profit of preceding three financial years) has been spent on various CSR Projects / Activities as the Company was not able to identify the suitable implementing Partners for its identified Projects.

d. The Company, while continuing to support its ongoing Projects, has associated itself with few new projects and also intends to expand its CSR initiatives in a systematic manner to create meaningful contribution in the development of the under- privileged and weaker Sections of Society.

e. Any sustainable CSR Project take time to show its impact and Company is committed towards the Social Responsibilities. So, it is difficult to complete the Project within a span of One (1) year and CSR Activities / Projects are spilled over to the subsequent year.

f. Several times in past, the Company has spent more than the minimum obligation. It is the Company's continuous endeavour to increase its CSR impact and spend over the coming years, supplemented by its continued focus towards sustainable development.

7. Responsibility Statement of CSR Committee:

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

Prof. Arvind Sahay
(Chairman - CSR Committee)

M.S. Dagur
(Managing Director)

ANNEXURE - C

BUSINESS RESPONSIBILITY REPORT – 2019-20

SECTION - A : GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L24110GJ1976PLC002903
2.	Name of the Company	Gujarat Narmada Valley Fertilizers & Chemicals Limited
3.	Registered Address	P.O: Narmadanagar - 392 015, District: Bharuch, Gujarat
4.	Website	www.gnfc.in
5.	E-mail id	investor@gnfc.in
6.	Financial Year reported	2019-20
7.	Sector(s) that the Company is engaged in (industrial activity code-wise) (As per National Industrial Classification – Ministry of Statistics and Programme Implementation)	
	Industrial Group	Description
	201	Manufacture of basic Chemicals, Fertilizers and Nitrogen Compounds.
	202	Manufacture of other Chemical products.
	631	Data processing, hosting and related activities, web portals.
	639	Other information service activities.
	620	Computer Programming, Consultancy and related activities.
8.	List three key products / services that the Company manufactures / provides (as in balance sheet)	• Neem Urea. • Toluene Di-Isocynate (TDI). • Acetic Acid.
9.	Total number of locations where business activity is undertaken by the Company.	
	1. Number of International Locations	Nil
	2. Number of National Locations	Four : **Bharuch :** P.O.: Narmadanagar – 392 015. District: Bharuch. **Dahej:** Plot No. D-II/8, Dahej-II Industrial Estate, At & Po: Rahiyad, Taluka: Dahej, District: Bharuch. **Ahmedabad:** GNFC Infotower, 3rd Floor, Bodakdev, Gandhinagar-Sarkhej Highway, Ahmedabad - 380 054 **Gandhinagar:** GIFT City, 14th Floor, GIFT One Tower, Road 5-C, Zone-5, Gandhinagar – 382 355.
10.	Markets served by the Company – Local / State / National / International	The Company sells its products in Domestic and International Markets.

SECTION - B : FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR)	Rs.155.42 Crore.
2.	Total Turnover (INR)	Rs. 5162 Crore.
3.	Total Profit After Taxes (INR)	Rs. 499 Crore.
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) Rs.4.20 Crore.	(0.53 % of the Average Net Profit for the last three financial years).
5.	List of activities in which expenditure in 4 above has been incurred:-	
	1. Livelihood Generation.	
	2. Education.	
	3. Rural Development Projects, Preventive Health Care and Sanitation.	
	4. Protection and Development of National Heritage, Art & Culture.	
	5. Health Care.	
	6. Disaster Management.	

SECTION - C: OTHER DETAILS

1	Does the Company have any Subsidiary Company? Yes. The Company has one Wholly Owned Subsidiary viz. Gujarat Ncode Solutions Limited. However, the formalities for removal of name of the said Subsidiary Company from the Register of the Registrar of Companies, Gujarat, is in process, in accordance with Section – 248 of the Companies Act, 2013.
2	Do the Subsidiary Company participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s). No. The Company's Subsidiary Company has so far not commenced its business operations.
3	Do any other entity / entities (e.g. suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%] No. However, the Company would like to deal with the parties / entities, who have willingness to be the part of BR initiatives.

SECTION – D : BR INFORMATION

1. Details of Director / Directors responsible for BR

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

DIN : 01622222.

Name : Shri M. S. Dagur.

Designation : Managing Director.

(b) Details of the BR Head.

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

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

The National Voluntary Guidelines provide the following nine principles.

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

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for. (Please refer Relevant Notes given below this table)	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	While there may not be formal consultation with all stakeholders, relevant policies / procedures have been evolved over a period of time by taking inputs from concerned stakeholders.								
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	The spirit and contents of the Policies, laws and standards are based on and are in compliance with applicable Regulatory requirements.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board of Directors?	Yes. The Policies which are statutorily required to be approved by the Board have been approved by the Board. The Company's Internal Policies like Safety Policy, Environment Policy etc. are signed by the 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.				http://www.gnfc.in/PDFandWORD/CSRpolicy-17th%20jan.pdf				
		2) Dividend Distribution Policy.				http://www.gnfc.in/PDFandWORD/Dividend-Distribution-Policy.pdf				
		3) Nomination and Remuneration Policy.				http://www.gnfc.in/PDFandWORD/GNFC-NRC-Policy_11815.pdf				
		4) Vigil Mechanism and Whistle Blower Policy.				http://www.gnfc.in/PDFandWORD/Vigill-Mechanism-Cum-Whistle%20Blower-Policy_21102014.pdf				
		5) Policy on Related Party Transactions.				http://www.gnfc.in/PDFandWORD/Related-Party-Transactions-Policy.pdf				
		6) Policy for Determination of Materiality of Events / Information.				http://www.gnfc.in/PDFandWORD/GNFC_Policy-forDetermination-ofMateriality_27116.pdf				

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
		7) Code of Conduct for the Board of Directors.				https://www.gnfc.in/aboutus/boardofdircodeofconpage1.html				
		8) Code of Conduct for Sr. Management Personnel.				https://www.gnfc.in/aboutus/boardofdircodeofconpage2.html				
		9) Code of Conduct for prevention of Insider Trading in Securities of the Company.				https://www.gnfc.in/PDFandWORD/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/PDFandWORD/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. The contact details of concern Officials are displayed on the Company's website to address the grievance and provide information / guidance to the Stakeholders.								
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 and OHSAS 18001.								

Notes for Column No. 1 of above Table:

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

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

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

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

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

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

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

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

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

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

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

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

3. Governance related to BR.

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

- The Board of Directors periodically reviews / assesses the operational, financial and marketing performance, etc., of the Company directly as well as through various Committees of the Board. The CSR Committee review the 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 the 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 from FY 2017-18. The said Report can be viewed on the Company's Website at http://www.gnfc.in/PDFandWORD/42ndAnnualReport 17-18-together-Notice-of-AGM.pdf

SECTION – E : PRINCIPLE-WISE PERFORMANCE

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

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

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

   The details of some of the Policies are summarized below:

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

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

   - During FY 2019-20, the Company received 11 (Eleven) 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-D to the Directors' Report forming part of this Annual Report.

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

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

   Few major activities of sustainable sourcing are mentioned hereunder:

   - The Company is continuously initiating various measures towards sustainable sourcing, which has significant impact on social and environmental aspects. The Company 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 equipments, 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. Average 50 m3/month organics having more than 90% purity is recycled back to the Nitrobenzene Plant, which increases the Nitro Benzene production as well as reduces 90% Chemical Oxygen Demand in effluent going for further treatment.
   - The Company had installed Yellow Water Concentration Unit for total recycle and reuse of 40 M^3/day yellow waste water generated from Di Nitro Toluene (DNT) Plant, which was incinerated in TDI Incinerators. After implementation of this scheme, hazardous waste generation and emission from TDI Incinerators has reduced significantly.
   - Treated effluent is re-used in Lime Slurry preparation and Ash Slurry preparation in Effluent Treatment Plant (ETP) and Boiler Area (total 3000 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.

- In Neem Plant, after extracting the Neem oil from the Neem seeds, the Neem cake is processed as Neem Manure, which is very much useful to the farmers in the fields.

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

1.	Total number of employees.	2438
2.	Total number of employees on temporary / contractual / casual basis.	409
3.	Number of permanent women employees.	53
4.	Number of permanent employees with disabilities.	25
5.	Do you have an employee association that is recognized by management?	Yes. GNFC Employees' Union.
6.	Percentage of permanent employees who are members of recognized employee association?	59.27% (as on April 2020)

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

Sr. No.	Category	No. of complaints filed during F.Y.	No. of complaints pending as at end of F.Y.
1.	Child labour / forced labour / involuntary labour.	Nil	Nil
2.	Sexual harassment.	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 : 85.4%
   (b) Permanent Women Employees : 96.2%
   (c) Casual / Temporary / Contractual Employees : 84.1%
   (d) Employees with Disabilities : 64.0%

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 make an endeavor to provide safe, healthy, cultured environment and acknowledge their strength and loyalty towards the Company.
   - Customers / Consumers are the life blood of the business and the Company provides quality goods / products and valued services to them.
2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?
   - Yes. The Company proactively engage with its stakeholders through different modes in order to understand their issues and concerns.
   - The Company has its CSR intervention in the areas like Education, Health care, Rural Infrastructure, Sanitation and Self-employment generation, Vocational Skills, Empowerment of Women and Youth, Environment sustainability, Protection and Development of National Heritage, Art & culture, Public libraries etc.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.
   - While developing CSR strategy, the Company has ensured that all communities benefit from CSR activities with special focus on groups that are socially and economically marginalized including rural unemployed youth, women, scheduled castes and tribes.
   - The Company has framed a Policy for providing employment to the land losers, whose land was acquired for establishing various Projects. As per the said Policy, the Company provides employment opportunity.

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

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

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

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.
   - The Company's Environment Policy is applicable to all the agencies connected to business with it and extends to the Suppliers, Contractors, etc. The Company practices Quality, Environmental, Health and Safety (QEHS) Policy to ensure safe working environment for the employees and affiliated people.
2. Does the Company have strategies / initiatives to address global environmental issues such as Climate Change, Global Warming, etc? Yes/No. 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? Yes/No.
   - 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 & Chemical based products for Society at large. Over the last four decades, Company's efforts to manage water, energy and material resources have yielded positive results. The manufacturing facilities have established ISO 14001 based Environment Management System. Any deviations from laid down Policies and Procedures are tracked and reviewed by effective procedures of corrective and preventive action, the Company has installed online continuous monitoring of Treated effluent discharge parameters, ambient air and stack air emissions for efficient

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

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?
   - GNFC's Clean Development Mechanism (CDM) initiatives bear testimony to the drive to reduce Greenhouse emissions. The Company had implemented Project under CDM for its WNA-I Plant, which helped in reducing the emission of N2o, which is highly harmful gas and bears a Global Warming potential. The CDM Project was registered with the United Nations Framework Convention on Climate Change (UNFCCC). The Company has been able to convert the harmful N2o into N2 by using a special catalyst in the reactor of WNA.
5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Yes/No. If yes, please give hyperlink for web page.
   - Continual adoption of new Technologies and up-gradation in the existing Plant processes is done for energy efficiency, resource conservation and reduction of pollution potential. Use of Renewable Energy like Wind and Solar is encouraged at all levels of Energy Production phases.
   - The Company has been in the forefront in utilizing alternative sources of energy. In this regard, 21 MW of Wind Power Project has been set up in the Kutch Region. Further, Solar Photo Voltaic Power Generation Systems, having total capacity of 300 kW has also been installed at various locations within Company's premises. The Company is implementing 10 MW Solar Power Generation Project at Gujarat Solar Park, P.O.: Charanka, Dist.: Patan, Gujarat.
6. Are the Emissions/Waste generated by the Company within the permissible limits given by Central Pollution Control Board / State Pollution Control Board (CPCB/SPCB) for the Financial Year being reported?
   - The Company considers compliance to statutory Environment, Health, Safety (EHS) requirements as the minimum performance standard and is committed to go beyond and adopt stricter standards, wherever appropriate.
7. Number of show cause / legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as at end of Financial Year.
   - No show cause/legal Notices from CPCB/SPCB are pending at the end of the Financial Year.

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

1. Is your Company a Member of any Trade and Chamber or Association? If Yes, Name only those major ones that your business deals with:
   - The Company is Member of various Industry Associations, major ones are - (a) Fertilizer Association of India (FAI) (b) Federation of Gujarat Industries (c) Dahej Industrial Association (d) Gujarat Safety Council (e) National Safety Council (f) Safety, Health and Environment Association (g) Gujarat Chamber of Commerce & Industry (h) Gujarat Chemical Association and (i) All India Management Association.
2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others).
   - No. However, the Company is actively involved in debates and discussions related to public policies of fertilizer industries at the FAI Forum. The Company regularly participates in various industry forums, shares insight and present view point on issues related to business, environment and society. The Company represents and provides full support to associations / forums for various policy related issues which are common and in the interest of fertilizer industry at large.

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

1. Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle-8 ? If yes, details thereof.
   - Yes. The Company has well defined CSR Policy, which provides guideline of methodologies and areas for identifying and implementing the Company's CSR Projects. The major sectors covered under the said Policy include – Education, Health care, Rural Infrastructure Sanitation and Self-employment Generation, Vocational Skills, Empowerment of

Women and Youth, Environment Sustainability, Protection and development of National Heritage, Art & Culture, Public Libraries, Disaster Management etc.

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

2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures /any other organization?
   - CSR Programmes / Projects / Activities are normally undertaken through Company's CSR wing i.e. Narmadanagar Rural Development Society (NARDES).
3. Have you done any impact assessment of your initiative?
   - The team of Company's CSR wing i.e. NARDES and outside agencies carry out impact assessment in selected CSR Projects.
4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?
   - During the F.Y. 2019-20, the Company has spent Rs.420.39 lacs as CSR expenditure for undertaking various CSR Projects / activities. (such as Sujalam Sufalam Jal Abhiyan, Model Agro Processing Unit, Support to Meritorious Students, The Neem Project, Agricultural Research Project on Wheat, Vocational Training Project, Mobile Medical Van, Special Children Project 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 conducts 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 as on the end of F.Y.
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 the use of products, direction for use, benefits of using the products etc. for the awareness of customers. Product Information Sheets are also made available to the Retailers / Dealers as also displayed on the Company's website. Farmers are guided for correct and efficient use of Fertilizers based on Soil Analysis so as to improve farm productivity.
3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of the Financial Year. If so, provide details thereof, in about 50 words or so.
   - No. ()
4. Did your Company carry out any consumer survey / consumer satisfaction trends?
   - While the Company is not conducting any formal consumer survey / consumers 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 - D

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO FOR FY 2019-20

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

(A) CONSERVATION OF ENERGY

(i) Steps taken or impact on Conservation of Energy

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

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

a) Utility Plant:

- Provision for Water pumping Infrastructure for drawl of water supply from the canal of Sardar Sarovar Narmada Nigam Ltd., Kavitha to Company's Raw Water Treatment Plant resulting into annual power saving of 10,34,513 kWh.

b) Electrical System:

- Replacement of old light fixtures by energy efficient fixtures at Plant and Township areas, resulting into annual power savings of 4,44,720 kWh.

c) Steam Trap Survey:

- Steam traps survey was carried out in various Plants. Corrective actions are taken to reduce steam leakage and improve reliability and maintainability.

d) Energy Measures under implementation:

- Revamp of Syn. Gas Compressor in Ammonia Plant, which will lead to annual saving of 1,02,955 MT of HP steam.
- Flash steam of Boiler blow down Tank to be used in Deaerator at TDI –II Plant, Dahej, which will lead to saving of 2880 MT of Low Pressure steam.
- Provision of ON/OFF valve on CW outlet line of E-60518 chiller in Ammonia plant, which will lead to saving of 172 MT/year of HPSH steam.
- Installation of HIC on Antisurge valve of Synthesis Gas Compressor in ASGP Plant, which will lead to saving of 3663 MT/year of HPSH steam.
- Installation of Energy Conservation Turbine in Aniline/ TDI plant HP letdown station which will have potential of Annual Power generation of 71,28,000 KW.

(ii) The steps taken by the Company for utilizing alternate sources of energy

- Solar Photo Voltaic power generation systems have been installed at Corporate building, School building and Guest house building having total capacity of 300 kW. During the year, 2,98,485 KW of Power was generated through the said system installed at Corporate Building.
- Total installed capacity of Wind Power Turbo Generators is 21 MW. During the year, 3,43,42,490 kW of Power was generated.
- The Company is setting up 10 MW Solar Power Project at Village, Charanka, Dist.: Patan and the construction work is in progress for the said Project. Proposal for setting up of additional 5 MW Solar power generation facility is under review.

(iii) Capital investment on Energy Conservation Equipments:

- The Company made total capital investment of Rs. 2.17 Crores on Energy Conservation Measures.

(B) TECHNOLOGY ABSORPTION:

(i) Efforts in brief, made towards Technology Absorption

- Implementation of various reliable, safety and energy saving schemes carried out in plants for safe and reliable operations, improving machine / equipment performance and energy saving.
- The Company interact with Knowhow Suppliers / Consultants for solving plant related problems and its 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).

The Company has not imported any technology during last three years.

RESEARCH & DEVELOPMENT:

1. Specific R&D assignments and benefits:

- In-House Process and products' development were taken to final stage of R&D studies. The purpose is to manufacture multiple value added products from By- products for its applications in Industrial, Fertilizers, Food, Pharma Sectors.
- Separation of higher esters in Ethyl Acetate process was taken to Pilot stage in plant.
- NOx removal Pilot studies were successfully carried out in plant.
- Pilot trials carried out in plant to improve Catalyst efficiency & remove Calcium sludge.

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

- Value added Products are import substitutes & vertical integration.
- Separation of Higher esters will improve process efficiency and reduction in down time.
- Environment improvement benefits.
- Reduction in down time and improve catalyst performance.
- MF Hydrolysis Resin Bed Technology developed by In-House R&D is being implemented on full commercial scale.
- Feasibility studies for AdBlue – Diesel Emission Fluid is undertaken.

3. Future Plan of Action:

- To scale up the Process and Value added products to Pilot stage.
- To improve process efficiency and catalyst activity.
- To conduct experiments for development of value added products and catalyst.

4. Expenditure on Reasearch and development:

(Rs. In Crore)

No.	Nature of Expenditure	2019-20	2018-19
1.	Capital Expenditure	**0.00**	0.36
2.	Recurring Expenditure	**0.18**	0.47
3.	Salaries to R&D Personnel	**2.01**	1.67
4.	Power and Fuel	**0.07**	0.08
	Total	**2.26**	2.58
5.	Total R&D expenditure as percentage of Total Turnover	**0.0438%**	0.0438%
6.	Gross Turn-over	**5162.42**	5896.02

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO **(Rs. In Crore)**

Particulars	2019-20	2018-19
Foreign Exchange Used	349.49	542.92
Foreign Exchange Earned	176.81	387.90

ANNEXURE - E

DISCLOSURE PURSUANT TO RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FOR FINANCIAL YEAR 2019-20.

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

Appointment of Managing Director (MD) (Executive Director) is made by the Board of Directors in consultation with Government of Gujarat (GoG) and he/she is usually a Senior IAS Officer. MD is paid remuneration as per the terms and conditions prescribed and notified by GoG and as determined by the Board of Directors in accordance with the Articles of Association of the Company, Companies Act, 2013 (the Act) and the relevant Rules framed thereunder, as amended from time to time and subject to the approval of Shareholders.

Shri M.S. Dagur, Nominee Director of GoG was appointed by the Board as MD for a period of 2 (two) years effective 16/07/2018 in place of Dr. Rajiv Kumar Gupta, IAS. He is paid remuneration as per the terms and conditions of appointment and payment of remuneration / perquisites as prescribed and notified by GoG and as determined by the Board of Directors in its Meeting held on 01/11/2018, pursuant to the Approval / Authorization granted by the members at the 42nd AGM held on 29/09/2018. The details of remuneration paid to Shri M S Dagur for holding the post of MD in respect of FY 2019-20 is provided in Annexure – A to the Directors' Report forming part of this Annual Report.

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 M S Dagur</td><td>MD</td><td>-39</td></tr><tr><td>2</td><td>Shri D.V. Parikh</td><td>CFO</td><td>3</td></tr><tr><td>3</td><td>Shri T.J. Lakhmapurkar#</td><td>CS</td><td>-4</td></tr><tr><td>4</td><td>Shri A C Shah##</td><td>CS</td><td>-</td></tr></table># Ceased to be CS vide resignation w.e.f. 10.02.02020.
Appointed as CS w.e.f. 11.02.2020.
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>4.42% considering full year present of Regular employees in employment for FY 2019-20 & FY 2018-19.</td></tr>
<tr><td>4.</td><td>Number of permanent employees on the rolls of Company at the end of the year.</td><td>2438</td></tr>
</table>

Sr. No.	Requirement	Details
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	There was 3% average percentile increase in the salary of employees other than Key Managerial Personnel (KMP), as against this there was reduction of 13% in the remuneration of KMP for FY 2019-20 compared to FY 2018-19. The average percentile decrease in the remuneration of KMP in comparison with the salary of employees in FY 2019-20 compared to FY 2018-19 are mainly due to: i. payment of special pay of Rs.2,28,595/- to Ex-MD Shri Rajiv Kumar Gupta, IAS for holding the Additional Charge of MD from 02.05.2013 to 15.07.2018 in FY 2018-19. ii. Payment to Shri M S Dagur, on his retirement on 31.07.2018 including Leave encashment in FY 2018-19 and continue as MD post retirement.
6.	Affirmation that the remuneration is as per the remuneration Policy of the company.	The Company has in place different Grades of remuneration for KMP other than MD, Senior Management Personnel and Other Employees. The remuneration is paid to them as per the grade in which they are employed and as per the terms of their appointment. The remuneration is paid to MD as per the terms and conditions prescribed and notified by GoG with requisite approval of Board of Directors and Members of the Company under the law.

ANNEXURE - F

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

Sr. No.	Name (S/Shri)	Age (Yrs)	Qualification	Total Exp. (incl. Trg.) (Yrs.)	Designation	Remuneration Received (Rs.)	Date of Joining in regular Grade	Last Employment held
1	2	3	4	5	6	7	8	9
A :	Employees who were employed throughout the financial year and was in receipt of remuneration for the year which in the aggregate was not less than Rs. 1,02,00,000/-							
	-- None --							
B :	Employees who were employed for a part of the financial year and were in receipt of remuneration for any part of that year at the rate which in the aggregate was not less than Rs. 8,50,000/- per month							
1	I G CHAUDHARI	60	DPCT, AMIE (Chemical)	39	CHIEF MANAGER	6804085	01/02/1982	Jr. Operator Trainee - GNFC Ltd.
2	R J GANDHI	60	DPCT	39	SR SHIFT ENGINEER	5481186	01/01/1982	Jr. Operator Trainee - GNFC Ltd.
3	H K GOSAI	60	DME, ITI(Boiler Attendant)	43	SR OPERATOR	3210003	24/10/1979	Trade Apprentice (Boiler Attd.) - GSFC Ltd.
4	J A GANDHI	60	DPCT	39	SR MANAGER	5927296	01/01/1982	Jr. Operator Trainee - GNFC Ltd.
5	B D KUMBHAR	60	DPCT	39	CHIEF MANAGER	5287686	16/03/1982	Technical Apprentice (Chemical) - IPCL
6	R C MEHTA	60	SSC, Eng. Typing Course	41	PERSONAL SECRETARY	3124901	15/02/1979	Steno/Typist - Gujarat Agiculture University
7	P C PARIKH	60	SSC, Eng. Typing Course	39	PERSONAL SECRETARY	4244771	10/11/1979	Steno Typist / Telex Operator - C. Gandhi Services Pvt. Ltd.
8	D G PARMAR	60	DChE	39	SR SHIFT ENGINEER	4746012	16/01/1982	Jr. Operator Trainee - GNFC Ltd.
9	K C PATEL	60	DChE, AMIE (Chemical)	39	ADDL GENERAL MGR	6186863	16/01/1982	Jr. Operator Trainee - GNFC Ltd.
10	J S SISODIYA	60	HSC	40	SR ASSISTANT	4893316	26/12/1981	Supervisor - M/s. Ramjibhai H. Patni
11	D A THAKORE	60	MBA(HRM), B.Sc(Chem.), Cert. course in Computer	41	SR P R O	6178171	01/11/1980	Chemicial Plant Operator Trainee - GNFC Ltd.
12	M J VYAS	60	HSC	39	SR OFFICER	3203212	07/01/1982	Clerk/Tallyman - Varun Carriers
13	K S PATEL	60	ITI(Wireman)	39	SR TECHNICIAN (EL)	4071964	16/10/1982	ITI(Electrical) Trainee -- GNFC Ltd.
14	K B GOSAI	60	DEE	39	SR MANAGER	4075682	31/07/1982	Electrical Supervisor - KC Kam Engineering Co.
15	N V DOLIA	60	DEE	39	CHIEF MANAGER	6254646	31/07/1982	Jr. Technician (El) Trainee - GNFC Ltd.
16	P B PANCHAL	60	DEE	39	SR MANAGER	4339971	01/09/1982	NMR Technician - GEB
17	P G DAVE	60	BE(Chem), P.G. Diploma in Business Mgt.	38	EXECUTIVE DIRECTOR	9151423	01/11/1983	GET - GNFC Ltd.
18	A K SAHNI	60	BE(Chem)	38	GENERAL MANAGER	7732843	01/11/1983	GET - GNFC Ltd.
19	S I THAKAR	60	BE(Chem)	38	GENERAL MANAGER (NEEM PROJECT)	7615468	01/11/1983	GET - GNFC Ltd.
20	G B TRIVEDI	60	BE(I&C)	38	EXECUTIVE DIRECTOR	8574834	01/11/1983	GET - GNFC Ltd.
21	G S MAHARAJ	60	BE(Chem)	38	EXECUTIVE DIRECTOR	9068478	16/12/1983	GET - GNFC Ltd.
22	N K KADIA	60	BE(El)	38	GENERAL MANAGER	6409449	01/12/1983	GET - GNFC Ltd.
23	H P SONI	60	B.Sc (Chem.), M.Sc. (Org. Chem.)	38	CHIEF MANAGER	4941985	01/02/1984	Chemist - Alembic Chemicals Ltd.
24	R V REVAR	60	DEE	37	SR MANAGER	3752031	01/08/1983	Jr. Technician (El) Trainee - GNFC Ltd.
25	K A RAO	60	B.Com., LLB (G)	38	SR MANAGER	5115102	01/03/1984	Accounts Trainee - GNFC Ltd.
26	J S VARMA	60	B.Sc(Agri.)	37	DY MARKETING MANAGER	4849405	01/05/1983	Field Representative Trainee - GNFC Ltd.
27	B B MODH	60	B.Com.	37	SR MANAGER	7131015	01/04/1984	Jr. Assistant Trainee - GNFC Ltd.
28	Y N PATEL	60	BE(Chem)	38	GENERAL MANAGER	8523752	01/11/1983	GET - GNFC Ltd.
29	J C KAKADIA	60	B.Sc(Agri.)	37	SR MARKETING MANAGER	6427715	01/08/1983	Agriculture Assistant - Gujarat Agriculture University
30	R P DUDHATRA	60	B.Sc(Agri.)	37	SR MARKETING MANAGER	4579126	16/08/1983	Field Representative Trainee - GNFC Ltd.
31	B K CHAUDHARI	60	B.Sc(Agri.)	37	SR MARKETING MANAGER	6255820	16/08/1983	Field Representative Trainee - GNFC Ltd.

32	R S PATEL	60	BSC(Agri.), MBA(Mktg. Mgt.)	37	SR MARKETING MANAGER	5940723	16/08/1983	Field Representative Trainee - GNFC Ltd.
33	V M PATEL	60	SSC Failed	37	SR OPERATOR	4797030	01/10/1982	Pump Operator-cum-Helper - GNFC Ltd.
34	D M PATEL	60	ITI(El)	37	SR TECHNICIAN(EL)	3774723	01/10/1982	Electrician(D/W) - GNFC Ltd.
35	V C BHATT	60	BE(Chem), Diploma Course in Industrial Safety	37	GENERAL MANAGER	8788486	01/10/1984	Gradudate Apprentice - GNFC Ltd.
36	D D PATEL	60	BE(Chem)	37	GENERAL MANAGER	8423101	16/10/1984	Gradudate Apprentice - GNFC Ltd.
37	C M GUPTA	60	BE(Mech.), 2nd Class Boiler Prof.	37	GENERAL MANAGER	8694457	01/11/1984	Gradudate Apprentice - GNFC Ltd.
38	R S JOSHI	60	BE(Mech)	37	GENERAL MANAGER	9515061	01/11/1984	Gradudate Apprentice - GNFC Ltd.
39	J M PRAJAPATI	60	HSC	38	SR MATERIALS TESTER(P)	4710334	18/09/1984	Laboratory Attendandant - Megha Dyes
40	SHRAWAN LAL	60	B.Sc(Agri.)	37	MARKETING MANAGER	5489310	01/01/1984	Field Representative Trainee - GNFC Ltd.
41	D P RAVAL	60	B.Sc(Agri.)	36	MARKETING MANAGER	5353177	01/02/1984	Field Representative Trainee - GNFC Ltd.
42	K T PATEL	60	B.Sc(Agri.)	36	MARKETING MANAGER	5796191	01/02/1984	Field Representative Trainee - GNFC Ltd.
43	M M PATEL	60	B.Sc(Agri.)	37	SR MARKETING MANAGER	6946760	01/02/1984	Field Representative Trainee - GNFC Ltd.
44	M L MACHHI	60	SSC	36	SR OPERATOR	3888960	25/02/1985	Water Pump Operator (on Contract) - GNFC Ltd.
45	K V R REDDY	60	B.Sc(Agri.), Dip. in Mktg. & Sales Mgt.	38	SR MARKETING MANAGER	6483918	14/09/1983	Jr. Mktg. Officer - Indur Seed Co. P. Ltd.
46	H D PRAJAPATI	60	B.Com., LLB (Spl), PGD in Human Resource Mgt., English Typing	36	SR MANAGER	6158269	30/11/1985	Jr. Clerk - J.Z.M & N. Civil Hospital.
47	P S PARMAR	60	BA, English Typing	35	SR ASSISTANT	4240424	16/01/1986	On the Job Typist / Clerk Trainee - GNFC Ltd.
48	J H PATEL	60	B.Sc(Chem.), M.Sc. (Chem.)	35	SR MANAGER	5780676	16/01/1986	Laboratory Technician Trainee - GNFC Ltd.
49	B K PAREKH	60	BE(Mech)	36	GENERAL MANAGER	8925517	16/01/1986	Supervisor - L.P. Gas Equipment Pvt. Ltd.
50	K M SHUKLA	60	B.Com., M.Com., LLB(Spl), Dip. in Basic Education, English Typing	40	SR OFFICER(HR)	5166824	03/10/1984	Clerk - M/s. N. H. Prajapati
51	U B CHOKSHI	60	BE(Chem)	35	CHIEF MANAGER	8759564	16/08/1986	Gradudate Apprentice - GNFC Ltd.
52	S J DARJEE	57	BE(Chem), MBA(Project Mgt.)	35	GENERAL MANAGER	8022957	01/09/1986	Gradudate Apprentice - GNFC Ltd.
53	N D DALSANIA	60	B.Sc(Agri.)	36	MARKETING MANAGER	5123408	16/09/1985	Sales Promotion Trainee - GSFC Ltd.
54	A A DESAI	60	BE(Mech)	35	CHIEF MANAGER	6127604	01/05/1987	GET - Punj Sons Pvt. Ltd.
55	C K JADAV	60	B.Sc(Agri.)	34	MARKETING MANAGER	5487022	16/06/1986	Sales Promotion Trainee - GSFC Ltd.
56	N M PATEL	60	B.Com., English Typing	36	SR ASSISTANT	3156814	16/03/1988	Stores Clerk - J.K. Pvt. Ltd.
57	A H SOLANKI	60	SSC	37	SR FIRE OPERATOR	2591428	30/04/1988	Messenger - Juvenile Guidance Centre
58	S V RADIA	60	Diploma in Electronics & Radio Engg.	39	SR MANAGER	7384778	14/09/1987	Technical Assistant - GCEL Ltd.
59	M V PATEL	60	ITI(Fitter)	31	SR TECHNICIAN(M)	3434383	16/10/1991	Asstt. Technician Jr. Trainee - GNFC Ltd.
60	V C PATEL	53	ITI(Mechanist)	31	SR OPERATOR	3373407	30/11/1991	Asstt. Technician Jr. Trainee - GNFC Ltd.
61	I V PATEL	58	ITI(El)	30	OPERATOR	2109434	01/07/1992	Asstt. Technician Jr. Trainee - GNFC Ltd.
62	R J MAHYAVANSHI	60	Below SSC	33	DEPOT ASSISTANT JR	1784964	01/07/1993	Depot Mazdoor (D/W) - GNFC Ltd.
63	K K JADAV	52	SSC	30	DEPOT ASSISTANT JR	1051509	26/08/2000	Cutter - Nobel Rubber Industries
64	R A AGGARWAL	60	BE(Metallurgy)	37	CHIEF MANAGER	6503536	15/09/1999	Dy. Engineer - GEB, Ukai

NOTES :

1 The total remuneration includes salaries, allowances, special pay, leave salary, ex-gratia payment, leave travel concession, medical aids, gratuity, company contribution to provident fund, where applicable, etc. The perquisites have been evaluated in accordance with the income tax rules.

2 The employees as shown in Statement 'B' are either retired, resigned or expired from the services of the Company.

3 None of the above employees is a relative of any Director of the Company.

STATEMENT SHOWING THE PARTICULARS OF TOP TEN (10) EMPLOYEES OF THE COMPANY IN TERMS OF REMMUNERATION DRAWN DURING THE YEAR 2019-20

Sr. No.	Name (S/Shri)	Age (Yrs)	Qualification	Total Exp. (incl. Trg.) (Yrs.)	Designation	Remuneration Received (Rs.)	Date Joining of regular Grade	Last Employment held
1	2	3	4	5	6	7	8	9
1	S H MODH	58	HSC, Gujarati Typing	42	PERSONAL SECRETARY	3622297	17/05/1982	Steno-Typist - Asian Colour Company
2	P K SHETH	60	B.Sc(Chem), M.Sc(Organic Chemistry)	38	SR MANAGER	3672134	01/02/1984	Jr. Chemist - Asian Paint (I) Ltd.
3	R P PATEL	59	B.Sc. (Agri.), MBA (Mktg. Mgt.)	38	CHIEF MARKETING MANAGER	4282254	16/08/1983	Field Representative Trainee - GNFC Ltd.
4	H J PATEL	60	B.Sc (Agri.)	38	SR MARKETING MANAGER	4038607	16/08/1983	Field Representative Trainee - GNFC Ltd.
5	P B GOSWAMI	60	Diploma in Mech., Post Diploma in Inst. & Control	37	SR INSTRUMENT ENGINEER	3710921	30/06/1984	Technician Apprentice - GNFC Ltd.
6	R I PATEL	59	B.Com., LLB(Sp), LLM	37	SR MANAGER	4862464	16/02/1985	Jr. Assistant Trainee - GNFC Ltd.
7	K C PRAJAPATI	60	B.Sc (Stat.), English Typing, Stenography	41	SR MANAGER(HR)	3601696	27/04/1984	Stenographer - GEB
8	D R PURANI	58	BE(Mechanical)	36	GENERAL MANAGER	3595746	16/09/1986	Graduate Apprentice - GNFC Ltd.
9	M K BAROT	60	Diploma in Civil, BE(Civil)	34	ADDL GENERAL MANAGER	4784013	01/06/1988	Graduate Apprentice - GNFC Ltd.
10	D V PARIKH	50	B.Com. C.A.	27	GM&CFO	3857617	29/06/2015	CFO - Flexituff International Ltd.

ANNEXURE - G

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

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

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

Date : 10th June, 2020
Place : Vadodara

For J. J. Gandhi & Co.
Practising Company Secretaries

(J. J. Gandhi)
Proprietor
FCS No. 3519 and CP No. 2515

FORM NO. MR -3
SECRETARIAL AUDIT REPORT
(FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2020)

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

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

Dear Sirs,

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

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended 31st March, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company, for the financial year ended on **31st March, 2020,** according to the provisions of;

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment (FDI) and Overseas Direct Investment (ODI) and External Commercial Borrowings (ECB);
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');

A. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
B. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

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

D. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. - Not Applicable as the Company has not granted any options to its employees during the financial year under review.

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

F. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with Shareholders. – The Company is registered with the Securities and Exchange Board of India as an in house Share Transfer Agent – Category II.

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

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

6. Considering representation of management and products, process and location of the Company, following laws are applicable specifically to the Company. Having regard to the compliance system prevailing in the Company and on examination of the relevant records on test check basis, we further report that the Company has complied with the following laws;

   1. The Environment (Protection) Act, 1986
   2. The Air (Prevention and Control of Pollution) Act, 1981
   3. The Water (Prevention and Control of Pollution) Act, 1974
   4. The Ammonium Nitrate Rules, 2012
   5. The Petroleum Act, 1934
   6. The Explosives Act, 1884 and Explosive Rules, 2008
   7. The Fertilizers (control) Order, 1985 under the Essential Commodities Act, 1955 and
   8. The Hazardous and other Wastes (Management and Transboundry Movement) Rules, 2016.

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

(i) 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) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards mentioned above except relating to an appointment of independent woman Director and fine raised by BSE and NSE was paid. On 30th March, 2020 Smt. Gauri Kumar, IAS (Retd.) was appointed as an independent woman Director.

We further report that;

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

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

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

Based on the Compliance mechanism established by the Company and on the basis of information provided by the officers of the Company and the compliance certificates placed before the Board and taken on record by the Board of Directors at their meetings, we are of the opinion that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report our observations that the Company has received Demand Notice from the Office of Controller of Communication Accounts, Department of Telecommunications, (DoT) Ministry of Communications, Government of India, Gujarat Telecom Circle, Ahmedabad vide its letter No. CCA/GUJ/UL/LF/GNFC/2009-10/73/1198 dated 23rd December, 2019, directing the Company to deposit total outstanding amount of Rs. 15019,97,48,444/- (Rupees fifteen thousand nineteen crores ninety seven lakhs forty eight thousand four hundred forty four only) in respect of financial years from 2005-06 to 2018-19 in connection with V-SAT and ISP Licenses held by the Company. The Company has taken expert legal advice for such Demand Notice and filed representation with DoT.

Further, in respect of Telecom Petitions No. 110/2015 and 111/2015 filed by the Company, the TDSAT Delhi, has issued Order dated 13th March, 2015 directing that DoT shall not take any coercive action against the Company and the said Order is in force till date.

Place: Vadodara
Date: 10th June, 2020

for J. J. Gandhi & Co.
Practising Company Secretaries
(J. J. Gandhi)
Proprietor
FCS No. 3519 and CP No. 2515
UDIN Number : F003519B000323839

ANNEXURE - H

DIVIDEND DISTRIBUTION POLICY

INTRODUCTION

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

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

OBJECTIVE AND SCOPE

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

EFFECTIVE DATE AND APPLICABILITY

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

The Policy shall not be applicable in the following circumstances :

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

STATUTORY REQUIREMENTS

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

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

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

FINANCIAL PARAMETERS / INTERNAL AND EXTERNAL FACTORS FOR DECLARATION OF DIVIDEND

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

Financial Parameters :

i) Quantum of anticipated capital expenditure,

ii) Magnitude of realized profits,

iii) Operating cash flow and liquidity,

iv) Investment opportunities,

v) Capacity to service interest / principal (borrowings),

vi) Cost of borrowings vis-à-vis cost of capital,

vii) Sales volume,

viii) Anticipated expenses,

ix) Financial ratios (e.g. EPS-post dividend), etc.

Internal & External Factors :

(a) Cash flow position of the company,

(b) Stability of earnings,

(c) Cost of borrowings,

(d) Number of shareholders,

(e) Future growth plans / strategies / capital expenditure, etc.

(f) Past dividend trends,

(g) Over-all economic / regulatory environment including tax laws,

(h) Macro-economic conditions / Industry outlook and stage of business cycle for underlined business,

(i) Dividend payout ratios of companies in same industries,

(j) Any other contingency plans.

CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

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

(a) Inadequacy of profits or losses – If during any financial year, the Board determines that the profits of the Company are inadequate or the Company has incurred losses, the Board may decide not to declare dividends for that financial year.

(b) Any other circumstances / factors which the Board may consider appropriate in the best interest of the company and the shareholders.

MANNER OF UTILIZATION OF RETAINED EARNINGS

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

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

PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

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

AMENDMENT IN POLICY

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

CAUTIONARY STATEMENT

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

MANAGEMENT DISCUSSION AND ANALYSIS

1.0 Indian Economic Scenario:

The economy of India is characterised as a developing market economy. It is the world's fifth-largest economy by nominal GDP and the third-largest by purchasing power parity (PPP). Since the start of the 21st century, annual average GDP growth has been 6% to 7% and from 2014 to 2018, India was the world's fastest growing major economy, surpassing China. The long-term growth perspective of the Indian economy remains positive due to its young population and corresponding low dependency ratio, healthy savings and investment rates and is increasing integration into the global economy.

2.0 Overview of Company:

Gujarat Narmada Valley Fertilizers and Chemicals Limited ('the Company' or 'GNFC') operates businesses mainly in the Industrial Chemicals, Fertilizers and Information Technology ('IT') Products space. Company has been consistent in utilising its existing production capacities and extracting better out of available productive capacities.

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

Fertilizer is more or less a controlled and working capital intensive business. In this business, currently company has no plans of expansion. The subsidy part consists of major portion of working capital. Being cash rich, the cost of working capital does not directly reflect in fertilizer segment however going by major working capital investment components it has significant working capital interest impact. As can be seen from trade receivables, there is a significant portion of working capital blocked in subsidy receivables. This is in view of the GAAP and/ or reporting limitations.

Over the years, company has set up various fertilizer/chemical plants as under :

Product	Operational Year	Rated Capacity MTPA	Production MTPA	Remarks
Ammonia	1982	4,45,500	2,91,299	
Urea	1982	6,36,900	8,29,656	
Methanol - I	1985	50,000	3,307	
Formic Acid	1989	10,000	22,547	Revamped in 2004-05
Methanol-II	1991	1,88,100	1,20,516	Revamped in 2008
Concentrated Nitric Acid-I	1991	33,000	33,948	
Weak Nitric Acid-I	1991	2,47,500	3,10,003	Revamped in 1999
Ammonium Nitro Phosphate	1991	1,42,500	1,94,270	
Calcium Ammonium Nitrate	1991	1,42,500	Nil	The plant operation stopped since 2014 due to AN rules
Aniline	1995	35,000	26,886	Both plant installed by a separate JV company NCPL
Toluene Di-Isocyanate	1998	14,000	19,519	
Acetic Acid	1995	1,00,000	1,66,665	Revamped in 2002
Syn Gas Generation unit	1998	2,01,960 KNm3	15,545 KNm3	
Concentrated Nitric Acid-II	1999	33,000	34,548	
Methanol Synthesis Unit	2006	30,600	Nil	
Concentrated nitric acid-III	2011	50,000	54,016	
Weak nitric acid - II	2011	1,00,000	1,31,122	
Co-generation Power & Steam Unit	2012	2,84,515	2,98,984	
Ethyl Acetate Plant	2012	50,000	61,569	
Ammonia Syngas Generation Plant	2013	Equivalent 3,69,600 MTPA Ammonia	3,97,268	
Toluene Di-Isocyanate - II	2014	50,000	40,712	

As it is evident from the above that gradual debottlenecking / revamping has resulted in achieving higher than rated capacities. This year in spite of improved volumes of chemical products, the revenue of chemical products have been depressed having an impact of Rs. 945 corers and hence to that extend the profitablity. 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, as can be seen from the above table, 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.

In spite of headwinds in chemicals, due to reasonable cash flow as well as profitability of chemical business over last 2-3 years, company has become long term and short term debt free lending credibility to its financial strength.

(n)Code Solutions - IT Division of the company, provides several value-added IT services and solutions covering System Integration, Smart Cities Implementation, e-Auction, e-Procurement and Education Domain, e-Governance Projects, Data Centre's/Cloud services, CCTV Surveillance Systems, etc. The DSC and Smart Cities Projects business witnessed headwinds during the period and company is repositioning itself with a view to have better market share in DSC business. After evaluating the strength and weaknesses, it has decided to defocus from big smart city projects and rather pay attention to profit making, quick cash conversion businesses like software, DSC, e-procurement etc.

3.0 Industry Structure and Development:

3.1 Fertilizer Business:

Indian fertilizers industry's main objective is to ensure the supply of primary and secondary nutrients in the required quantities. The Indian fertilizer industry is the most energy intensive sector in the context of environmental discussion. Since Fertilizer Industry is highly regulated and monitored by Government of India (GoI), it continues to face some serious challenges in the form of - (i) availability and fluctuating prices of raw material required to produce fertilizers;(ii) heavy imports and lack of adequate domestic production capacity; (iii) lack of long term and stable Government Policy and (iv) increasing demand of speciality Fertilizers.

The total fertilizer market in India can be understood as under :

(MTs in Lakhs)

Fertilizer	Production		Imports		Total		Consumption	
	Quantity	%	Quantity	%	Quantity	%	Quantity	%
Urea(46% N)	239	76	75	24	314	100	314	100
Ammonium Sulphate(20.6%N)	7	90	1	10	8	100	6	75
SSP	41	100	-	-	41	100	36	88
Ammonium Phosphate Sulphate	37	99	-	-	37	100	39	100
Ammonium Nitro phosphate (ANP)	2	100	-	-	2	100		
DAP	39	37	66	63	105	100	92	88
NP/NPK(Other than APS-ANP-DAP-MAP)	50	91	5	9	56	100	51	91
MOP, SOP & etc.	1	1	43	99	43	100	30	70
Total	**416**	**69**	**190**	**31**	**606**	**100**	**568**	**94**

The Direct Benefit Transfer (DBT) scheme for fertilizers has been implemented throughout the country from March 2018. Though the scheme is called DBT, subsidy continues to be routed through the industry. This scheme has changed the business model for fertilizers companies. Subsidy under the scheme becomes due only on sale of fertilizers by the retailers to the farmers through POS (Point of Sales) machines.

Earlier 90 % and 95% of the subsidy amount of Nitro phosphate and Urea respectively was getting paid on receipt of fertilizers at the field warehouse / retailers. This has postponed the payment of subsidy by about of six months as per the report of Fertilizer Association of India. This is because dispatches are continuous during the year but sales of fertilizers are seasonal. Hence, DBT has further increased the requirement of working capital in general.

It will still take some more time to roll out DBT in its original form where the intended benefit reaches the end consumer i.e. farmer without involving Industry. The implementation in its current form has brought more transparency but at the same time blocked more capital of business units in Industry.

Sales of fertilizers have increased in the country during 2019-20 as compared to last year. This is primarily because of the best monsoon in 25 years during 2019 and continued good rainfall even after the normal monsoon period, which traditionally ends by 30th September.

3.2 Chemical Business:

India is the 5th largest economy of the world and the 6th largest producer of chemicals globally contributing to 3.5% of the global chemical industry (2018-19). The country ranks third globally in the production of agro chemicals and contributes around 16 per cent to the global dyestuff and dye intermediates production. Basic chemicals and their related products constitute a significant part of the Indian economy. Among the most diversified industrial sectors, chemicals cover an array of more than 70,000 commercial products.

In the past few years, a strong reform driven approach by the Government of India has further bolstered economic progress. The government has taken several key initiatives to enhance Ease of Doing Business including Make in India (to boost investment), various export incentive schemes, Government e-Marketplace to boost procurement. Introduction of the landmark Goods & Services Tax promises a transformational impact in economic growth. Start-up India has adopted an institutionalised approach to promoting new enterprise in collaboration with all stakeholders, and this promises to play a disruptive role across sectors of the economy in the coming years. Meanwhile, the country is making great strides as an investment destination as well as a prominent exporter across a number of sectors, including automotive, IT, engineering, food processing, chemicals, renewable energy, pharma and healthcare, services, telecom, textiles, etc.

It is imperative to mention that COVID-19 pandemic will have cascading adverse effects on all the business worldwide with no exception to the chemical industry, wherein prices of chemicals were already seeing a downward pressure since 2018-19. As the starting raw material of majority of chemicals is petroleum products, the weakening of chemical product prices will be largely compensated. The Indian government is actively monitoring the situation and taking all the necessary steps to bring the Indian business on track.

With consistent high rates of economic growth in the past and enormous potential, the Indian economy has truly taken global centre-stage. By integrating "Assemble in India for the world" into Make in India, India is all set to raise its export market share to about 3.5 per cent by 2025 and 6 per cent by 2030. In India, chemical industry is expected to follow an accelerated growth path and is expected to double up its global share in the next decade.

3.3 Information Technology (IT)Business& Others:

On the business side, companies are dependent on innovations coming out of the technology sector to create their enterprise software, manage their logistics systems, protect their databases, and generally provide the critical information and services that allow companies to make strategic business decisions.

(n)Code has built a niche over period of time in PKI/DSC, n-Procurement, e-Auction, Mining, e-Governance, Data centre management, Management of Citizens Primary Health, ERP's, CCTV and related infrastructure management for Citizen security with law and order enforcement in the area and specific Bespoke/customized software development to fit specific needs of our elite clients. (n)Code has also ventured into Smart cities as system integrators and proudly supports "Easy of doing Business" initiative of GOI in all forms. All is being delivered with appropriate technology being deployed which is fit for purpose. (n)Code continues to march forward guided by its vision to be a preferred technology provider enabling businesses to achieve growth.

Others: It includes Neem based niche products, inter-alia every niche has segments of society creating demands. Company is evaluating its positioning in Neem based products accordingly for providing pristine value for money.

During the year Neo Neem Brand, with new design and packaging, was launched on 14th December, 2019.Batch production formula of various products such as Neem Soap, Neem Hand wash and Neem Shampoo are modified in view of customer feedback and as a process of continuous improvement apart from launching Neem based new variant of pesticides.

Organic certification of Neem oil based products was obtained from M/s. Biocert International Pvt. Ltd. as our products are meeting with Biocert Organic Standards. The company also possesses the certification from M/s. Biocert regarding usage of highest percentage of virgin Neem oil in Neo Neem Soap in the country.

4.0 Overview of Performance:

4.1 Chemical & Fertilizers:

(a) Production/ Operational Performance:

The Company has achieved excellent production performance during the year 2019-20 with higher efficiency well executed strategies around input sourcing and marketing. Most of the plants of the Company were operated at over 100% capacity utilization. Day to day plant operations were closely reviewed and plant load adjusted accordingly, to maximize profit. Special focus was given on energy conservation and cost reduction in all aspects.

The Company achieved remarkable production performance during FY 2019-20 with ever highest yearly production achieved of Ammonia, Technical Grade Urea, Total Urea, Methyl Format, Formic Acid, Acetic Acid, AN Melt, Weak Nitric Acid-I/II, TDI-I, Bharuch.

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

Awards won during the year 2019-20:

1) GNFC received 4th Rank in Environmental Green rating of Indian Fertilizer industry under its Green Rating Project (GRP). Environment Minister Shri Prakash Javadekar gave the Awards.

2) The Company participated in 16th National Awards for Excellence in Cost Management 2018 arranged by Institute of Cost Accountants of India and the Company got the Third Position in Category of Manufacturing - Public sector - Mega Unit.

(b) Sales Performance:

The Company performed reasonably well in the Fertilizers business during FY 2019-20. The Company sold of 863 Lakhs MTs of fertilizers as compared to 849 Lakhs MTs in previous year. Company continued the Trading activities of Fertilizers like Muriate of Potash (MOP), Di-Ammonium Phosphate (DAP), Ammonium Sulphate (AS), Single Super Phosphate (SSP) and City Compost were traded during the year. 16,107 MT Fertilizers were sold as part of trading activities.

The Fertilizer industry remains vital to agriculture productivity but continues to operate under a rigid control regime.

Chemical business has positively contributed to the profitability of the company despite majority of chemicals witnessing a downward pricing trend in international as well as domestic markets.

Overall TDI market sentiment remained unfavorable during the whole year reflecting oversupply situation as witnessed since July-18. TDI prices in international market also remained at bottom. Dumping of imports affected the viability of TDI-2 operations.

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

"Neem Project" is a success story for creating shared value among the rural and urban poor and empowering communities with targeted focus on women empowerment through income generation and improved livelihoods.

During the year 2019-20 also, Company continued collection of Neem seeds. Around 4,300 MT Neem seeds were collected during the year. To encourage Organic farming, Company produced and sold 850 MT Neem Manure, 1,628 MT De-Oiled Cake and 63,868 Litres of Neem Pesticides during 2019-20.

(c) Financial Performance:

The Financial Highlights for year 2019-20 is as under: **(Rs in Crores)**

Particulars	2019-20	2018-19	Growth
Revenue from Operations	5162	5,896	0
Profit before Tax (PBT)	425	819	48%
Profit After Tax (PAT)	499	741	33%
EBITDA	694	1,089	36%
Export Revenue	302	437	31%
Book Value per Share (Rs.)	336	322	100%
Earnings per Share (EPS) (Rs.)	32.10	47.69	33%

Comments will be added based on the financial amounts of FY 2019-20.

5.0 Outlook:

5.1 Procurement of Raw materials :

The company has established system of buying its feedstock, raw materials and other inputs at competitive prices. The key inputs directly used in production are natural gas, oil, toluene, benzene, special denatured spirit (SDS) and rock phosphate whereas coal is used as an indirect input mainly for utilities like power and steam apart from natural gas primarily.

As far as possible and in line with the directives of Risk Management Committee, more than one sources of supply are encouraged as an operating philosophy. This lends credibility to its operations in terms of competitive pricing and reliability in supply.

5.2 Fertilizers Business:

The Company is confident of performing well in the Fertilizers business with its strong brand image and an excellent marketing network.

5.3 Chemicals Business:

The country's strong growth will be hampered to some extent due to COVID-19 pandemic. However as far as the company is concerned, it will maintain its leadership position in Formic Acid, Acetic Acid, Aniline and TDI as the company is a frontline producer of these basic chemicals in India. Majority of the Chemicals produced by the company constitute key inputs for various sectors. As majority of the chemicals in the product basket of the company comprises of import substitute and key input chemicals, the growth outlook of company's chemical business is positive.

Overall TDI market sentiment remained negative during second half of the year. TDI prices in international market also remained at bottom as well as import dumping affecting viability of TDI-2 operations.

The performance of the Bharuch and Dahej units of the Company is improving year by year due to continuous emphasis on higher productivity, energy conservation and efficiency improvement, innovation / cost reduction.

Domestic market leadership position is maintained in Formic Acid, Acetic Acid, Aniline and TDI and Methanol.

5.4 Information Technology (IT) Business and Others:

With economic, Socio-political scenario in India, the services provided by (n)Code would be further appreciated based on our previous history of transparency and dedication to deliver "fit for use" solutions.

Company will continue to procure Neem Seeds this year also. Neem De-oiled Cake, Neem Manure and Neem Pesticides have been received well by the farmers and are doing well.

6.0 Opportunities and Strengths:

1. In chemical segment, to cater to demand growth, profitable opportunities are being explored in different chemicals.
2. Company has entered into Long Term / Annual Contracts / Agreements for supplies of most of the critical Raw Materials like Coal, FOHV, Rock Phosphate, Packaging Materials etc. which are essential for continuous production.
3. For IT industry, strengthen our e-Governance capabilities to support ever evolving client requirements, opportunities are explored in newer areas with better governance, explore more software business and Implement processes for effective delivery to improve customer satisfaction and employee satisfaction.

7.0 Threats, Risks & Concerns:

1. Key raw materials and feedstock are purchased at import parity price and its availability from one supplier is also a major concern. Company is tying up with alternative second source of raw material while addressing the concerns of quality so as to ensure operational efficiency.
2. Availability challenges especially in respect of desired quality of Oil mainly and to a lesser extent other materials
3. Recruitment and retention of talented human resources is a matter of concern at the same time developing adequate senior level hierarchy in coming one year is also a big concern.
4. With a push for Digital India, there is a lot of pressure to manage data against ever evolving statutory guidelines by various agencies under GOI.
5. Intellectual property violations and impersonation is taken seriously as they erode the credibility of organization in industry.

8.0 Risk Management:

The company has in place a Risk Management Policy. Under this Policy, various risks pertaining to operations & maintenance of plants, financial and other organizational risks are assessed, evaluated and continuously monitored for taking effective steps for its mitigation.

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

9.0 On-going projects / New projects/ Revamp schemes :

GNFC is continuously looking for the growth opportunities and has initiated actions for implementation of various projects as under:

1. Formic Acid:

Company is implementing Formic Acid (FA) capacity enhancement project to increase the capacity by 20 MTD (6,800 MT per annum). The project will be completed by Q2 2021-22 and total capacity of FA would be 85 MTD.

2. Concentrated Nitric Acid (CNA):

With increase in captive consumption of CNA for TDI, market share of GNFC is reducing. Hence, Company is implementing 4th CNA plant with a capacity of 150 MTD. The project will be completed by Q2 2021-22.

3. Solar Power:

To fulfil Renewable Purchase Obligation, 10 MW Solar Power Project at Charanka Solar Park is under implementation. The Project will be completed by Q-2of 2020-21.

4. Ammonia Plant revamp:

It is possible to increase the Ammonia production capacity from 1,900 MTPD to 2,050 MTPD by installation of Ammonia Make-up Gas Convertor Loop, in existing Ammonia Synthesis loop. This will increase Ammonia production by 50,000 MT per annum. Actions have been initiated for implementation of this revamp and it is expected to be completed by Q3 2023-24.

5. The Neem Project:

A large scale Neem Seed expelling / extraction unit is under implementation to produce about 2,900 MT Neem oil and about 22,000 MT per annum Neem cake and it is expected to be completed by Q-2 of 2020-21.

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

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

10.0 Significant changes in Key financial ratios:

Particulars	FY 2019-20	FY 2018-19
Debtors turnover ratio	3.89	5.00
Inventory turnover ratio	5.86	7.81
Interest coverage ratio	131.76	170.64
Current ratio	2.03	2.43
Debt equity ratio	0.16	0.04
Operating profit margin	8%	14%
Net profit margin	10%	13%
Return on net worth	11%	17%

- Inventory turnover ratio decreased by 25% due to increase in average inventory by Rs. 126 crore and decrease in sales by Rs. 734 crore.
- Debt equity ratio increase by 295% mainly due to increase in short term debt by Rs. 650 crore.
- Operating profit margin decreased by 43% due to decrease in profit before tax by Rs. 396 crore and decrease in revenue from operation by Rs. 734 crore.
- Return on net worth decreased by 35% due to decrease in net profit by Rs. 242 crore.

11.0 Human Resource Management:

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 2952 on 31st March, 2020.

12.0 Internal Controls System, Internal Audit and its Adequacy:

The company has adequate internal controls for its operational processes across the business segments to ensure efficient operations, compliance with internal policies, applicable laws and regulations, protection of resources and assets and accurate reporting of financial transactions.

The Company has internal audit system which is conducted by a reputed firm of Chartered Accountants so as to cover various operations on continuous basis. The internal audit plans and reports are reviewed by the Management and Audit committee and necessary actions plans are decided, wherever needed.

The company has exhaustive operational as well as procurement budget system in place. Throughout the year, actual expenses are monitored against budgeted. Variances are analysed and timely corrective actions are taken, when needed.

Company has a strong MIS system which is being continuously monitored and fine-tuned for business needs using qualitative and quantitative methods. This mode provides early warnings to business decision makers to steer business appropriately.

13.0 Cautionary Statement:

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

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

Effective Corporate Governance practices constitute strong foundation on which successful commercial enterprises are built to last. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all the Stakeholders comprising Regulators, Employees, Customers, Vendors, Investors and the Society at large.

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

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as applicable, with regard to Corporate Governance.

BOARD OF DIRECTORS

Composition of the Board during FY 2019-20

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

Number of Board Meetings Held

During FY 2019-20, Four Meetings of the Board of Directors were held with a time-gap of not more than 120 days between any two Meetings. The dates on which the said meetings were held are: 29.05.2019, 13.08.2019, 05.11.2019 and 11.02.2020. Requisite quorum was present at all the Meetings.

None of the Directors on the Board hold Directorships in more than ten public limited companies. None of the Independent Directors serve as an Independent Director on the Board of Directors of more than seven listed entities. Necessary disclosures regarding Committee positions in other public limited companies as on March 31, 2020 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 Companies Act, 2013 (the Act) along with the Rules made thereunder. In terms of Regulation 25(8) of the SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act and that they are independent of the management.

The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the year under review and at the last Annual General Meeting ("AGM"), name of other listed entities in which the Director is a director and the number of Directorships and Committee Chairmanships / Memberships held by them in other public limited companies as on March 31, 2020 are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and companies registered under Section 8 of the Act. Further, none of them is a member of more than ten Committees or Chairman of more than five Committees across all the public companies in which he / she is a Director. For the purpose of determination of limit of the Board Committees, Chairpersonship and Membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations.

There was no instance during the FY 2019-20 when the Board had not accepted any recommendation of any Committe of the Board.

Name of the Director	Category	Number of Board meetings attended during FY 2019-2020	Attendance at last AGM	Number of Directorships in other Public Companies		Number of Committee positions held in other Public Companies		Directorship in other Listed Companies (Category of Directorship)
				Chairman	Member	Chairman	Member	
Dr. J.N. Singh, IAS (Retd.)[1] Chairman DIN 00955107.	Promoter, Non-Executive, Non-Independent	2 of 3	No.	-	-	-	-	-
Shri Anil Mukim, IAS[2] Chairman DIN 02842064.	Promoter, Non-Executive, Non-Independent	1 of 1	N.A.	7	1	2	-	1. Guajrat Alkalies & Chemicals Ltd. Chairman, Non-Executive, Non-Independent. 2. Gujarat State Petronet Ltd. Chairman & Managing Director.
Smt. Mamta Verma, IAS DIN 01854315.	Non-Executive, Non-Independent	2 of 4	No.	-	6	-	1	-
Shri C S Mani[3] DIN 00031968.	Non-Executive, Independent.	0 of 1	N.A.	-	-	-	-	-
Prof. Arvind Sahay DIN 03218334.	Non-Executive, Independent.	2 of 4	No.	-	2	2	2	1. IFCI Ltd. Non Executive, Independent. 2. HIL Ltd. Non Executive, Independent.
Shri Sunil Parekh DIN 06992456.	Non-Executive, Independent.	2 of 4	Yes	-	1	-	-	-
Shri Piruz Khambatta DIN 00502565.	Non-Executive, Independent.	4 of 4	No	-	-	-	-	-
Shri Sujit Gulati, IAS, (Retd.)[4] DIN 00177274.	Non-Executive, Non-Independent	3 of 3	No	-	-	-	-	-
Shri B. B. Bhayani[5] DIN 07438543.	Non-Executive, Non-Independent	1 of 1	N.A	-	1	-	1	-
Smt. Gauri Kumar, IAS(Retd.)[6] DIN 01585999.	Non-Executive, Independent -Woman Director.	N.A	N.A.	-	1	-	-	Gujarat Mineral Development Corporation Ltd. Non-Executive, Independent.
Shri M S Dagur, Managing Director DIN 01622222.	Promoter, Executive, Non-Independent.	4 of 4	Yes	-	1[7]	-	-	-

1 Ceased to be Director and Chairman w.e.f. from 06.12.2019.
2 Appointed as Director and Chairman w.e.f. 13.12.2019.
3 Ceased to be Diector w.e.f. 22.07.2019.
4 Ceased to be Director dated 30.01.2020.
5 Appointed as w.e.f 11.02.2020.
6 Appointed as Additional Director (Independent Category) w.e.f 30.03.2020
7 Includes Gujarat Ncode Solutions Ltd., the wolly owned subsidiary of the Company, the formalaties for Striking off Name of the said Company from the records of Registar of Companies (RoC), MCA is under progress.

Core Skills / Expertise / Competencies available with the Board

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

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

Core Skills / Competencies / Expertise	Shri Anil Mukim, IAS	Smt. Mamta Verma, IAS	Prof. Arvind Sahay	Shri Sunil Parekh	Shri Piruz Khambatta	Shri B. B. Bhayani	Smt. Gauri Kumar, IAS (Retd.)	Shri M S Dagur
Knowledge.	✓	✓	✓	✓	✓	✓	✓	✓
Behavioral Skills.	✓	✓	✓	✓	✓	✓	✓	✓
Strategic thinking and decision making.	✓	✓	✓	✓	✓	✓	✓	✓
Financial Skills.	✓	✓	✓	✓	✓	✓	✓	✓
Technical/Professional skills.	✓	✓	✓	✓	✓	✓	✓	✓
Specialized knowledge to assist the ongoing aspects of the business.	✓	✓	✓	✓	✓	✓	✓	✓

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

Information supplied to the Board

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

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

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

Disclosure regarding appointment / reappointment of Director(s)

Information as required under Regulation 36(3) of the SEBI 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 2019-20 is annexed to this Report.

Committees Of The Board

The Committees constituted by the Board play important role on governance structure of the Company. The Committees are in line with the SEBI Listing Regulations, and the Act, as amended. The Minutes of the Committee Meetings are tabled at the next Board Meeting.

Composition of Committees of Directors

Your Company has following Board level Committees :

A. Audit Committee.

B. Nomination and Remmuneration Committee.

C. Stakeholders' Relationship Committee.

D. Corporate Social Responsibility Committee.

E. Risk Mangement Committee.

F. Project Committee.

G. Human Resource Development Committee.

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

A. AUDIT COMMITTEE

Constitution & Composition

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

Audit Committee comprises of Four (4) Directors as on 31.03.2020.

Name	Category
Shri Sunil Parekh, Chairman	Non-Executive & Independent Director.
Prof. Arvind Sahay	Non-Executive & Independent Director.
Shri Piruz Khambatta	Non-Executive & Independent Director.
Shri M S Dagur	Managing Director, Executive & Non-Independent Director.

The Company Secretary acts as Secretary to the Committee.

All Members possess good knowledge of finance and accounts.

Terms of Reference

The terms of reference of Audit committee are in line with the 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 Rs.100.00 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

Number of Meetings

During FY 2019-20, 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: 24.05.2019, 13.08.2019, 05.11.2019, and 11.02.2020. Requisite quorum was present for all the meetings.

Attendance at the Meetings

Attendance of each Member at the Audit Committee Meetings held during FY 2019-20.

Member	No. of Meetings held during the tenure of Membership	No. of Meetings Attended
Shri Sunil Parekh	4	3
Shri Piruz Khambhatta	3	3
Prof. Arvind Sahay	4	3
Shri M S Dagur[1]	4	4

[1.] Attended Meeting held on 24.05.2019 as Permament Invitee. The Board of Directors of the Company at its Meeting held on 29.05.2019 has inducted him as a Member of the said Committee.

Shri Sunil Parekh, who is Chairman of Audit Committee remained present at the AGM of the Company held on 26th September, 2019.

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 SEBI Listing Regulations. This Committee comprises of Three (3) Directors as on 31.03.2020

Name	Category
Shri Piruz Khambatta, Chairman	Non-Executive & Independent Director.
Prof. Arvind Sahay	Non-Executive & Independent Director.
Shri Sunil Parekh	Non-Executive & Independent Director.

Terms of Reference

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

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

(ii) Formulation of criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of Directors, Key Managerial Personnel and other Employees.

(iii) Recommend to the Board, all remuneration, in whatever form, payable to senior management (Senior management include core management team one level below the Board of Directors, CFO and Company Secretary).

Number of Meetings and Attendance

During FY 2019-20, one Meeting of the Committee was held on 11.02.2020. Requisite quorum was present for the Meeting.

Performance Evaluation Criteria For Independent Directors

Evaluation of Independent Director shall be carried out by the entire Board in the same way as it is done for other Directors of the Company keeping in view the role and responsibility of Independent Directors as mentioned in Schedule – IV to the Act.

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 comprises of Three (3) Directors as on 31.03.2020

Name	Category
Shri Sunil Parekh, Chairman	Non-Executive & Independent Director.
Smt. Mamta Verma, IAS	Non-Executive & Non-Independent Director.
Shri M S Dagur	Managing Director, Executive & Non-Independent Director.

Terms of Reference

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

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

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

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

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

Number of Meetings and Attendance

During FY 2019-20, Twelve (12) meetings of the Committee were held. Dates on which the said Meetings were held are – 01.05.2019, 04.06.2019, 18.07.2019, 23.08.2019, 03.10.2019, 04.11.2019, 22.11.2019, 27.11.2019, 28.11.2019, 13.12.2019, 13.01.2020, 25.02.2020.

No.	Name of Member	No. of Meetings held during the tenure of Membership	No. of Meetings Attended
1.	Shri CS Mani *	1	-
2.	Shri Sunil Parekh	11	9
3.	Smt. Mamta Verma, IAS	12	7
4.	Shri M S Dagur	12	11

* Ceased to be a Member of the Committee w.e.f from 29.05.2019 and resigned from the Board w.e.f. 22.07.2019.

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 comprises of Four (4) Directors as on 31.03.02020.

Name	Category
Prof. Arvind Sahay, Chairman	Non-Executive & Independent Director.
Shri Piruz Khambatta	Non-Executive & Independent Director.
Shri Sunil Parekh	Non-Executive & Independent Director.
Shri M S Dagur	Managing Director, Executive & Non-Independent Director.

Terms of Reference

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

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

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

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

Numbers of Meetings & Attendance

During FY 2019-20, one Meeting was held on 24.05.2019. Requisite quorum was present for the Meeting.

E. RISK MANAGEMENT COMMITTEE

Constitution & Composition

Risk Managment Committee was constitued at the Board Meeting held on 11th February, 2019 in compliance with the amended Regulation 21 of the SEBI Listing Regulations. This Committee comprises of following Members as on 31.03.2020.

Name	Category
Shri M S Dagur, Chairman	Managing Director, Executive & Non-Independent Director.
Shri Sunil Parekh	Non-Executive & Independent Director.
Shri Piruz Khambatta	Non-Executive & Independent Director.
Shri D.V.Parikh	Member & CFO.
Shri T.J.Lakhmapurkar	Member & CS[1]
Shri A C Shah	Member & CS[2]

1 Ceased to be Company Secretary and Compliance Officer w.e.f. 10th February, 2020.

2 Appointed as Company Secretary and Compliance Officer w.e.f. 11th February, 2020.

The Company Secretary also acts as Secretary to the Committee.

Terms of Reference

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

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

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

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

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

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

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

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

Number of Meetings and Attendance

During FY 2019-20, One (1) Meeting was held on 02.01.2020. Requisite quorum was present for the Meeting.

COMPLIANCE OFFICER

For complying with the requirements of the SEBI Listing Regulations, as also of SEBI (Prohibition of Insider Trading) Regulations, 2015, Shri A C Shah, Company Secretary is the Compliance Officer of the Company.

Shri T.J. Lakhmapurkar ceased to be Company Secretary and Compliance Officer w.e.f. 10th February, 2020 and Shri A C Shah was appointed as Company Secretary and Compliance Officer w.e.f. 11th February, 2020.

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, 2020, 11 (Elevean) complaints were received from the Shareholders.

Status of Investor Complaints as on March 31, 2020 as reported under Regulation 13(3) of the SEBI Listing Regulations is as follows:

Complaints pending as on April 1, 2019.	0
Received during the year.	11
Resolved during the year.	11
Pending as on March 31, 2020.	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

Due to sudden and unprecedented outbreak of COVID - 19 pandemic and Lockdown situation, a separate Meeting of Independent Directors (IDs), without the attendance of Non-Independent Directors and Members of Management could not be held as required under Schedule IV to the Act read with Regulation 25(3) of the SEBI Listing Regulations.

Further, the Ministry of Corporate Affairs (MCA), vide its General Circular No. 11/2020 dated 24-03-2020, in order to focus on taking necessary measures to address the COVID-19 threat, including the economic disruption caused by it and with the purpose of reducing compliance burden and other risks, has clarified that for the F.Y. 2019-20, if the IDs of the Company have not been able to hold a Meeting during the said FY 2019-20, the same shall not be viewed as violation.

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

The familiarization programme is disclosed on the Company's website and can be accessed at web link - https://www.gnfc.in/PDFandWORD/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 Notification No. AIS/35.2018/24/G dated 12.07.2018 nominated Shri M.S. Dagur, Additional Chief Secretary, as Mananging Director (MD) on the Board of Directors of the Company effective from 16.07.2018 for a period of two years.

GoG has vide its - (i) Resolution No.GNF/11-2001/2476/E dated 13/8/2018 prescribed and notified the terms & conditions of foreign services of Shri M.S. Dagur as MD of the Company for the period from the date of assumption of charge to the date of his superannuation i.e. from 16/7/2018 to 31/7/2018; and (ii) Resolution No.AIS/35.2018/ 466051/G dated 28/8/2018 prescribed and notified the terms & conditions of appointment of Shri M.S. Dagur as MD of the Company post retirement i.e. from 01/08/2018 to 15/07/2020. The said terms and conditions of appointment were approved by the Shareholders of the Company at its 42nd Annual General Meeting (AGM) held on 29th September, 2018.

Non-Executive Directors

Remuneration of Non-Executive Directors (NEDs) is decided by the Board of Directors. NEDs are paid remuneration only by way of Sitting Fees for attending Board or Committees Meeting(s). They were paid sitting fees @ Rs.15,000/- per Meeting attended by them during FY 2019-20.

Details of Sitting Fees paid to NEDs during FY 2019-20.

Sr. No.	Name of Director	Sitting Fees Paid (Amount in Rs.)
1.	Dr. J.N. Singh, IAS (Retd.)[1]	45,000/-*
2.	Shri Anil Mukim, IAS[2]	15,000/-*
3.	Smt. Mamta Verma, IAS	1,80,000/-*
4.	Shri Sujit Gulati, IAS (Retd.)[3]	60,000/-*
5.	Shri C.S. Mani[4]	15,000/-
6.	Prof. Arvind Sahay	1,20,000/-
7.	Shri Sunil Parekh	3,45,000/-
8.	Shri B B Bhayani[5]	15,000/-
9.	Shri Piruz Khambatta**	NIL

* Amount deposited in Government Treasury.
** Opted not to receive Sitting Fees.

1. Ceased to be Director & Chaiman w.e.f. 6.12.2019
2. Appointed as Director & Chairman w.e.f. 13.12.2019
3. ceased to be Director w.e.f. 30.01.2020
4. Ceased to be Director w.e.f. 22.07.2019
5. Appointed as Director w.e.f. 11.02.2020

Equity shares held in the Company by Non-Executive Directors

None of the Non-Executive Directors held the Company's equity shares as on 31st March, 2020. The Company has not issued any convertible instruments. Besides, the Company has also not granted any Stock Option to its Directors.

General Body Meetings

(a) Annual General Meeting (AGM)

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

Year	Date of AGM	Time	Special Resolution Passed
2018-19	26/09/2019	11.30 AM	-------None-----
2017-18	29/09/2018	11:00 AM	(i) Re-Appointment of Shri Sunil Parekh as an Independent Director. (ii) Re-Appointment of Shri Piruz Khambatta as an Independent Director.
2016-17	29/09/2017	11:30 AM	(i) Re-Appointment of Shri C.S. Mani as an Independent Director. (ii) Re-Appointment of Prof. Arvind Sahay as an Independent Director.

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 2019-20.

Postal Ballot

No postal ballot was conducted during FY 2019-20. No resolution is proposed to be passed through postal ballot at the forthcoming AGM.

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 web link - http://www.gnfc.in/PDFandWORD/Related-Party-Transactions-Policy.pdf

During FY 2019-20, the Company has not entered into any contract / arrangement / transaction with Related Parties, which could be considered material in accordance with the RPT Policy. In terms of the omnibus approval granted by the Audit Committee, a Statement in the summary form of transactions with Related Parties, which are routine and repetitive in nature, in the ordinary course of business and on arm's length basis is periodically placed before the Audit Committee for review and approval. None of the transactions with Related Parties were in conflict with the Company's interest.

GOVERNANCE OF SUBSIDIARY COMPANIES

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

Accounting treatment

The Company has followed Indian Accounting Standards (Ind AS) in preparation of the Financial Statements for F.Y. 2019-2020 as per the road map announced by the Ministry of Corporate Affairs, (MCA), Government of India. The Significant Accounting Policies, which are consistently applied are set out in the Notes to Financial Statements.

Details of Non-compliance

The Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards except relating to appointment of Independent Woman Director and the fine imposed by BSE and NSE was paid by the Company. On 30th March, 2020 Smt. Gauri Kumar, IAS (Retd.) is appointed as Additional Director (Independent Category) w.e.f. 30.03.2020.

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

Risk Management

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

Reconciliation of Share Capital Audit

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

Code of prevention of Insider Trading Practices

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

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

Vigil Mechanism Cum Whistle Blower Policy

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

CEO / CFO Certification

In terms of Regulation 17(8) of the SEBI 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 SEBI Listing Regulations.

Subsidiary Company

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

Foreign exchange risk and hedging activities

During F.Y. 2019-20, the Company managed the foreign exchange risks and hedged to the extent considered necessary. The Company enters into forward contracts for hedging (including natural hedging) foreign exchange exposures against imports and exports.

Compliance with Corporate Governance Requirements specified in SEBI Listing Regulations

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

The Company has also complied with Corporate Governance requirements specifed in Regulations 17 to 27 (except w.r.t. to appointment of Independent Woman Director) and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI 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 SEBI 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 SEBI Listing Regulations.

Means of Communication

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

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

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

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

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

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

The Details of the complaints

No. of Complaints filed during the financial year.	1
No. of Complaints disposed off during the financial year.	1
No. of Complaints pending as on end of the financial year.	-

THE FOLLOWING IS THE LIST OF CREDIT RATINGS OBTAINED BY THE COMPANY DURING THE FINANCIAL YEAR 2019-20 :

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

CERTIFICATION FROM COMPANY SECRETARY IN PRACTICE

Shri Suresh Kumar Kabra, partner of Samdani Shah & Kabra, Practicing Company Secretaries, Vadodara, has issued a Certificate as required under the SEBI Listing Regulations, confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Director of the companies by SEBI / Ministry of Corporate Affairs or any such statutory authority. The Certificate is enclosed as Annexure 1 to this Report.

COMPLIANCE

Mandatory Requirements

The Company is fully compliant with the applicable mandatory requirements of the SEBI Listing Regulations for the F.Y. 2019-20.

Adoption of Discretionary requirements

The following non-mandatory requirements under Part E of Schedule II to the SEBI Listing Regulations to the extent they have been adopted are mentioned below:

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

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

iii. Modified Opinion in Auditors Report: The Company's Financial Statements for the Financial Year ended March 31, 2020 do not contain any modified Audit Opinion.

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

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Day	:	Tuesday.
Date	:	29th September, 2020.
Time	:	3:00 PM.
Venue	:	The AGM of the Company is being held through VC/Othe Audio Visual Means (OAVM). The deemed venue for the 44th AGM will be the Registered Office of the Company, at P.O. Narmadanagar - 392 015, District: Bharuch.

Financial Year : 1st April to 31st March.

Financial Calendar : (Tentative)

Results for the Quarter ending on	Announced / will be announced by
30th June, 2020.	31st August, 2020.
30th September, 2020.	14th November, 2020.*
31st December, 2020.	14th February, 2021.*
31st March, 2021.	30th May, 2021.*

* 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	:	Monday, the 24th August, 2020 to Friday, the 28th August, 2020 (Both days inclusive).
Dividend Payment Date	:	Dividend @ 50% i.e. Rs.5/- per equity share of Rs.10/- each fully paid up will be paid on or after 7th October, 2020, subject to approval by the Shareholders at the Annual General Meeting.
Corporate Identity No. (CIN)	:	L24110GJ1976PLC002903

Listing :

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

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

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

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

PJ Towers, Dalal Street, Mumbai - 400 001.

Listing Fees to Stock Exchanges

The Company has paid Annual Listing Fees to NSE and BSE for F.Y. 2020-21.

Custodial Fees to Depositories

The Company has paid Custodial Fees to National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL), for F.Y. 2020-21.

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

(Rs. in Crore)

Name of the Staturory Auditor	Total Amount
M/s SRBC & Co. LLP	
Statutory Audit Fee.	0.16
Other Services including reimbursement of expenses.	0.33

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 F.Y. 2019-20 are as follows:

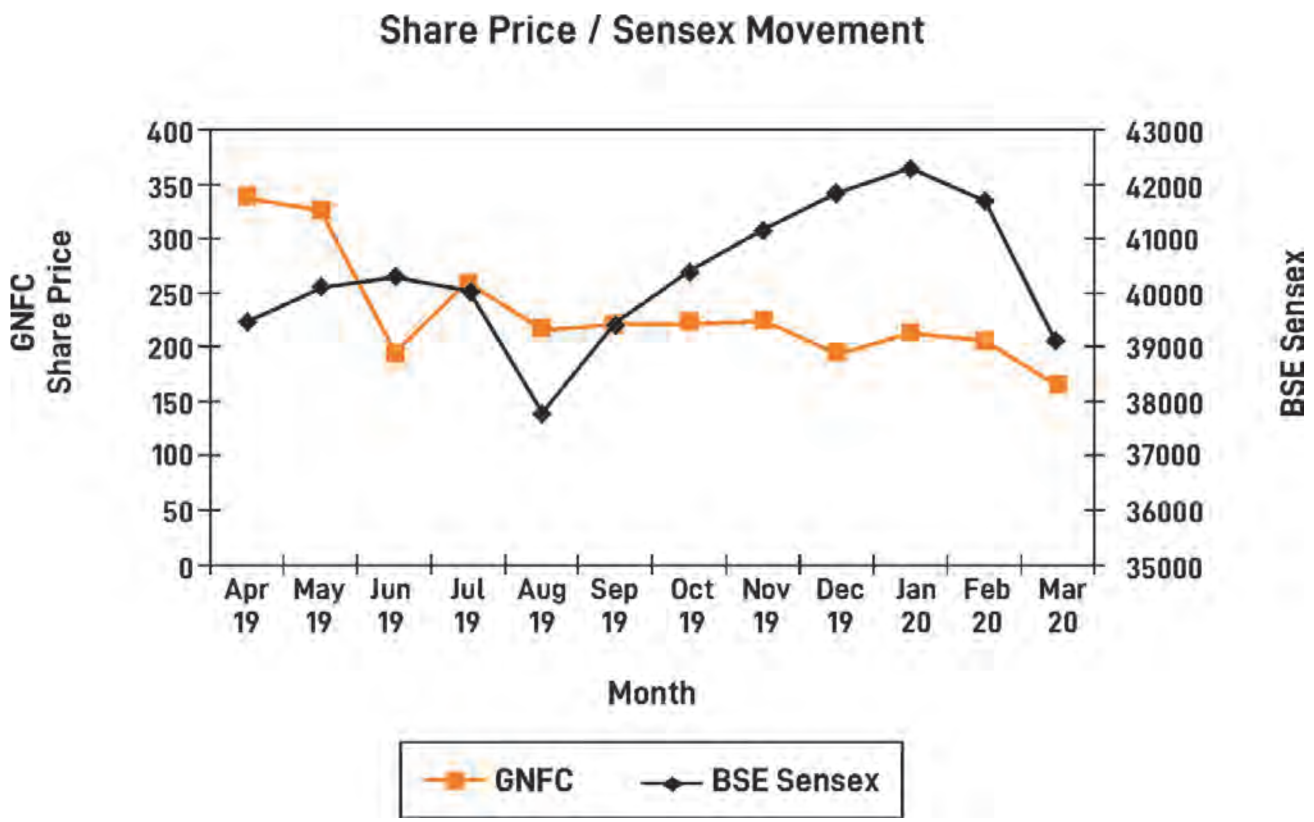
(Amount in Rs.)

Month	BSE		NSE	
	High Price	Low Price	High Price	Low Price
April - 2019	337.65	307.00	337.80	307.00
May	325.00	275.70	325.70	276.25
June	294.50	232.60	294.15	232.30
July	258.00	204.10	257.20	204.00
August	216.50	169.00	216.50	168.50
September	220.00	173.20	219.35	173.00
October	223.60	190.00	223.50	190.05
November	224.45	188.25	224.60	188.50
December	194.35	162.45	194.45	163.55
January - 2020	214.95	155.15	214.90	155.00
February	206.00	155.50	206.30	155.10
March	165.90	130.80	168.00	130.50

STOCK PERFORMANCE : 2019-20

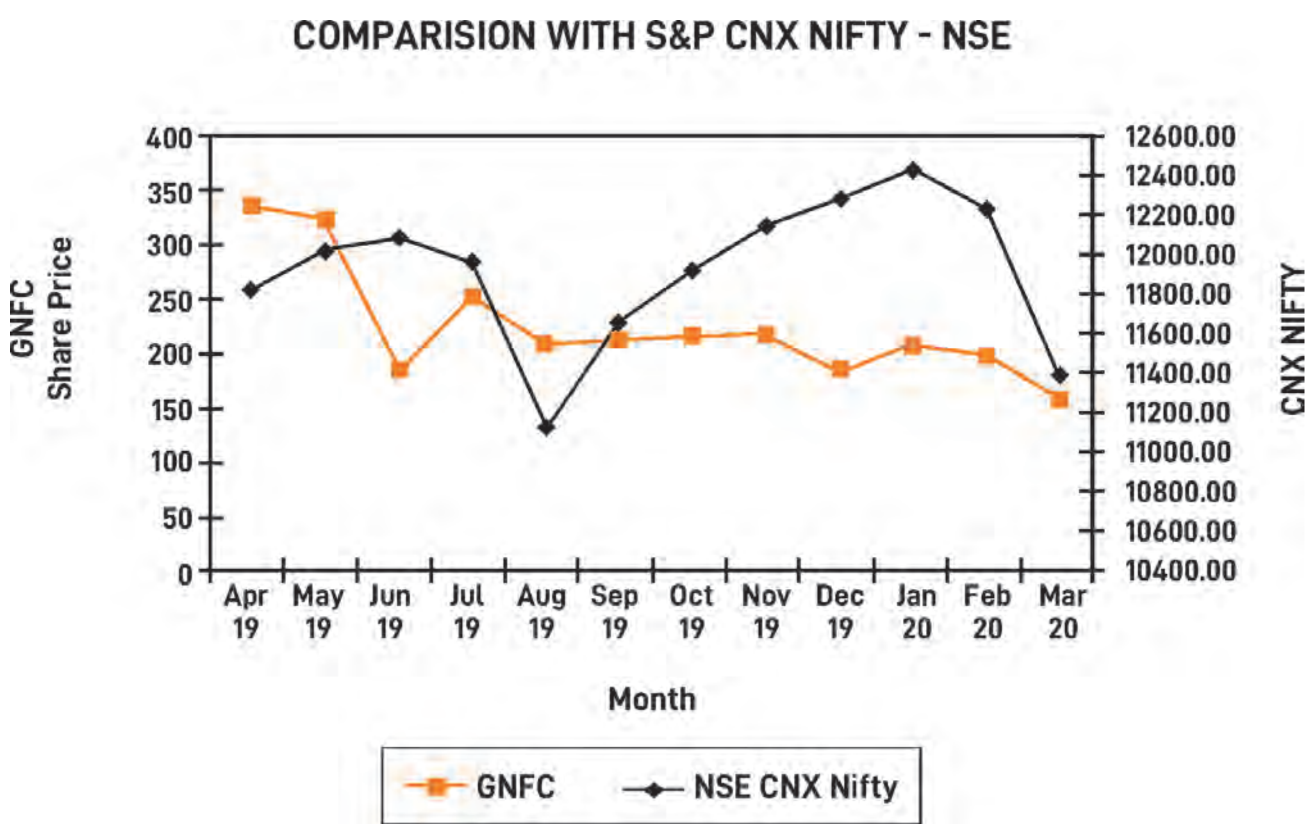
STOCK PERFORMANCE VS BSE INDEX

Months	GNFC HIGHEST (In Rs.)	BSE SENSEX HIGHEST
Apri - 2019	337.65	39487.45
May	325.00	40124.96
June	294.50	40312.07
July	258.00	40032.41
August	216.50	37807.55
September	220.00	39441.12
October	223.60	40392.22
November	224.45	41163.79
December	194.35	41809.96
January - 2020	214.95	42273.87
February	206.00	41709.30
March	165.90	39083.17



STOCK PERFORMANCE VS S&P CNX NIFTY

Month	GNFC HIGHEST (In Rs.)	NIFTY HIGHEST
April - 2019	337.80	11856.15
May	325.70	12041.15
June	294.15	12103.05
July	257.20	11981.75
August	216.50	11181.45
September	219.35	11694.85
October	223.50	11945.00
November	224.60	12158.80
December	194.45	12293.90
January - 2020	214.90	12430.50
February	206.30	12246.70
March	168.00	11433.00



Unpaid / Unclaimed Dividends

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

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

In terms of the provisions of IEPF Rules / Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, Rs.1.11 Crore of unpaid / unclaimed dividends and 2,66,553 shares were transferred during the financial year 2019-20 to the IEPF Authority.

Investors' Services:

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

Share Transfer System:

In terms of Regulation 40(1) of the SEBI Listing Regulations, as amended, securities can be transferred only in dematerialized form w.e.f. April 1, 2019, except in case of request received for transmission or transposition of securities. Members holding shares in physical mode are requested to consider converting their holdings to dematerialized mode. Transfer of equity shares in electronic mode are effected through the Depositories through Depository Participants (DPs) with no involvement of the Company.

The complaints received from the Investors and other miscellaneous correspondence regarding change of address, particulars of bank account, dividend payment mandate etc. are processed generally within fifteen days from the receipt of requisite documents.

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

DISTRIBUTION OF SHARE HOLDING AS ON 31st MARCH 2020.

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	210339	89.22	14852606	9.57
2	251 to 500	14129	5.99	5336277	3.43
3	501 to 1000	6291	2.68	4917607	3.16
4	1001 to 2000	2607	1.11	3955937	2.55
5	2001 to 3000	871	0.37	2228621	1.43
6	3001 to 4000	380	0.16	1375338	0.88
7	4001 to 5000	292	0.12	1378714	0.89
8	5001 to 10000	434	0.18	3158287	2.03
9	10001 and above	407	0.17	118215396	76.06
	Total	**235750**	**100.00**	**155418783**	**100.00**

SHAREHOLDING PATTERN OF THE COMPANY AS ON 31ST MARCH, 2020.

Sr. No	Category of Shareholders	Total No. of Shares	% of Total Equity Capital
1	Promoters & Promoters Group.	64006713	41.18
2	Mutual Funds & UTI.	4906244	3.16
3	Banks/ Financial Institutions & Insurance Companies.	17990313	11.58
4	Foreign Institutional Investors (FIIs).	600	0.00
5	Foreign Portfolio Investors (FPIs).	19208302	12.36
6	NRIs / OCBs.	3298196	2.12
7	Bodies Corporates.	4179935	2.69
8	Co-operative Societies.	327647	0.21
9	Indian Public.	39079681	25.14
10	Shares In Pool A/c (As reported by Depositories).	389040	0.25
11	I E P F A/C.	2032112	1.31
	Total	**155418783**	**100.00**

Dematerialization of Shares & Liquidity:

As on 31st March, 2020, 95.68% of the shares were held in dematerialized mode and remaining shares in physical mode. As notified by the SEBI, the equity shares of the Company are permitted to be traded only in dematerialized mode.

Non-resident Shareholders:

The non-resident shareholders are requested to notify the followings to the Company 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, 2019 to 31st March, 2020 as per Clause 39(4) of the SEBI Regulations and also aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 31.03.2020:

Sr. No.	Particulars	No. of Shareholders	No. of Shares
(i)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year.	705	40808
(ii)	Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year.	15	495
(iii)	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year.	15	495
(iv)	No. of Shares liable to be transferred to IEPF Authority Demat A/C as per IEPF Authority Rules and hence transferred on Date 10-12-2019.	128	4328
(v)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year.	562	35985

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, 2020, 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 Road, 5-C Zone-5, Gandhinagar – 382 355.

Address for Correspondence:

All correspondence relating to Company's shares should be forwarded to:

Investor Service Centre

Secretarial & Legal Department.

Gujarat Narmada Valley Fertilizers & Chemicals Ltd.

'Narmada House', Corporate Office,

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

Phone: 02642 - 247002 (Extn: 2208), 02642-202227/202240/202282/203755.

Telefax: 02642 - 247084, E-mail: investor@gnfc.in

Exclusive E-mail ID for redressal of Investors' Complaints

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

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

In accordance with the SEBI (LODR) Regulations, 2015, I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with their respective Code of Conduct as adopted by the Board of Directors of the Company, for the Financial Year ended 31st March, 2020.

Sd/-
M.S.DAGUR
MANAGING DIRECTOR

Place: Bharuch.

Date: 14.07.2020

CORPORATE GOVERNANCE CERTIFICATE

[For the Financial Year ended March 31, 2020 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** for the Financial Year ended March 31, 2020, 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, and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the **COVID-19** pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations, save as disclosed in the Corporate Governance Report.

We state that in respect of investor grievances received during the Financial Year ended March 31, 2020, no investor grievance is pending against the Company, as per the records maintained by the Company and presented to the Stakeholders' Relationship Committee.

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

Suresh Kumar Kabra
Partner

Samdani Shah & Kabra
Company Secretaries
FCS No. 9711; CP No. 9927
UDIN: A009711B000607847

Place: Vadodara.

Date: August 24, 2020

ANNEXURE - 1

CERTIFICATE ON NON-DISQUALIFICATION OF DIRECTORS

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

To

The Members of GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED

We have examined the Registers, Papers, Books, Records, Forms, Returns, Declarations, Disclosures and other related documents of Gujarat Narmada Valley Fertilizers & Chemicals Limited (hereinafter referred to as 'the Company'), having CIN: L24110GJ1976PLC002903, situated at P.O.: Narmadanagar Dist.: Bharuch- 392 015, Gujarat 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, 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 for the Financial Year ended March 31, 2020.

Sr. No.	Name of the Director	Category	DIN	Initial Date of Appointment	Date of Reappointment
1	Shri Anil Mukim, IAS Chairman	Promoter, Non-Executive, Non-Independent	02842064	13-12-2019	
2	Shri M S Dagur Managing Director[1]	Promoter, Executive, Non-Independent	01622222	16-07-2018	
3	Smt. Gauri Kumar, IAS (Retd.)	Non-Executive, Independent	01585999	30-03-2020	
4	Smt. Mamta Verma, IAS	Non-Executive, Non-Independent	01854315	05-10-2015	26-09-2019
5	Shri Sunil Parekh	Non-Executive, Independent	06992456	10-10-2014	29-09-2018
6	Prof. Arvind Sahay	Non-Executive, Independent	03218334	04-08-2014	29-09-2017
7	Shri Piruz Khambatta	Non-Executive, Independent	00502565	10-10-2014	29-09-2018
8	Shri B. B. Bhayani[2]	Non-Executive, Non-Independent	07438543	11-02-2020	
9	Dr. J. N. Singh, IAS (Retd.)[3] Chairman	Promoter, Non-Executive, Non-Independent	00955107	30-08-2016	
10	Shri Sujit Gulati IAS (Retd.)[4]	Non-Executive, Non-Independent	00177274	09-10-2018	26-09-2019
11	Shri C S Mani[5]	Non-Executive, Independent	00031968	04-08-2014	29-09-2017

Notes:

1. Ceased to be a Director and Managing Director w.e.f. 15.07.2020 after Office Hours.
2. Ceased to be a Director vide resignation w.e.f. 05.06.2020.
3. Ceased to be Chairman and Director vide resignation w.e.f. 06.12.2019.
4. Ceased to be Director vide resignation dated 30.01.2020.
5. Ceased to be Director vide resignation w.e.f. 22.07.2019.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these, based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Suresh Kumar Kabra
Partner
Samdani Shah & Kabra
Company Secretary
FCS No.9711 CP No. 9927
UDIN: A009711B000607924

Place: Vadodara
Date: August 24, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Gujarat Narmada Valley Fertilizers & Chemicals Limited (the "Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter – DOT Demand Notice

We draw attention to Note 43 to the standalone Ind AS financial statements regarding a matter relating to demand of Rs. 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, as explained in detail in the said Note. Based on the legal opinion taken by the Company in the matter and pending outcome of the Company's representation to DOT and based on the Company's assessment of this demand, the Company is of the view that no provision is necessary in respect of this matter. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

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

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Recognition/de-recognition and measurement of Urea Subsidy Income	
The Urea Subsidy Income is recognized and measured in accordance with notification/ circular/ policies issued by the Department of Fertilizers, Government of India. During the year ended March 31, 2020, the Company has recognized Urea Subsidy Income of Rs 1,362.58 Crores (including Rs. 159.23 Crores pertaining to earlier years towards fixed cost subsidy as disclosed in notes to financial statements) and has outstanding Urea subsidy receivables of Rs 1,093.86 Crores (including Rs 77.69 Crores outstanding for more than one year as at March 31, 2020. The measurement of Urea subsidy Income involves application of relevant regulatory pronouncements and notifications, understanding of applicable energy norms, and estimation / judgement including adjustment at each reporting date in respect of escalation / de-escalation in the prices of inputs, etc. The recognised subsidy income may deviate on account of revision / changes in such interpretation, estimates and judgements. Accordingly, recognition and measurement of subsidy income is determined to be a key audit matter for our audit of Standalone Ind AS financial statements.	Our audit procedures included the following: • We assessed the Company's revenue recognition policy for Urea Subsidy Income. • We understood, evaluated and tested, on a sample basis, the design and operating effectiveness of key internal controls over recognition and measurement of Urea Subsidy Income. • We reviewed the relevant regulatory pronouncement in respect of Urea subsidy income and verified, on a sample basis, the claims filed by the Company along-with underlying accounting evidences in respect of such income. • We tested calculations for Urea Subsidy Income and reviewed estimates for escalation / de-escalation by comparing with actual production cost relevant for measurement of subsidy amount. • We reviewed follow-ups made by the Company with the Department of Fertilizers, Government of India and management assessment of recoverability of aged balances. • We tested the collections made during the year as well as subsequent period against such subsidy income recognized by the Company. • We assessed the appropriateness of disclosures in the Standalone Ind AS financial statements in respect of Urea Subsidy Income.
Impairment assessment of Property, plant and equipment used for production of Toluene di-isocyanate (TDI) (as described in Note 49 of the Standalone Ind AS financial statements)	
During the year ended March 31, 2020, the Company has witnessed significant decline in the operating profit margins of Toluene di-isocyanate (TDI) which has affected the financial performance of the Company's chemical segment. These are considered as indicators for impairment by the management for TDI II, Dahej Plant, which is determined to a separate cash generating unit (CGU) for impairment assessment. As at March 31, 2020, the gross and the net carrying values of the property, plant and equipment at TDI II, Dahej Plant is Rs 2,265 Crores and Rs 1,587 Crores, respectively. Management has calculated the recoverable amount for the aforesaid CGU by determining its value in use from the future free cash flows prepared by the management.	Our audit procedures included the following: • We assessed the assumptions made by the management with regard to identification of the Property, plant and equipment used in production of TDI as a separate cash generated unit (identified CGU). • We involved our valuation specialists and evaluated the management's assumptions and estimates used for determining the recoverable amount of the identified CGU, including those relating to long-term growth rates, margins and discount rates. • We reviewed the calculations for the cash flows and agreed relevant data to the budgets and latest forecast provided by the management.

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Significant management estimates and judgements are involved in determining value in use, including key assumptions such as discount rate, product price realisation over a foreseeable future, demand of product and other cost factors. Accordingly, this is determined to be a key audit matter for our audit of Standalone Ind AS financial statements.	• We reviewed the sensitivity analysis for key assumptions, with focus on the growth rate, margins and discount rate used in the impairment calculations. • We assessed the appropriateness of the disclosure included in Note 49 of the Standalone Ind AS financial statements.
Valuation of Inventories, including Stores & Spares	
The Company has total inventory of Rs 932.35 Crores which comprises of raw material inventory Rs 191.99 Crores, WIP inventory Rs 84.90 Crores, finished goods inventory Rs 133.62 crores, trading inventory Rs 2.28 crores and stores and spares inventory (including coal) Rs 519.56 crores (net of provision for inventory obsolescence as at March 31, 2020. The Company has stores and spares inventory of Rs 399.85 Crores (excluding coal inventory of Rs 122.20 Crores) as at March 31, 2020. The Company has created a provision of Rs 2.50 Crores against inventory of stores and spares based on evaluation of its usability. The stores and spares inventory have many aged items as well however the management's internal assessment represents the usability of these items in future years and that the value of such items does not require any further impairment / provision to be made as at March 31, 2020. Accordingly, appropriateness of the estimates used to identify the valuation of inventories, including stores and spares is determined to be a key audit matter for our audit of Standalone Ind AS financial statements.	Our audit procedures included the following: • We reviewed the management policy for physical verification and the documents related to management's and independent consultant's physical count procedure actually followed during the year. • We understood the management process for assessment of value in use/ net realisable value of inventory and making provision for obsolete inventory, including performing process through third party involvement for the effectiveness of the same. • We reviewed the management's judgement applied in estimating the value of inventory obsolescence for stores & spares, taking into consideration management assessment of the present and future condition of the inventory. • We performed substantive audit procedures that included review of working prepared by the management for valuation of inventories and observed that appropriate allocation of fixed cost and variable cost is done in respect of Finished Goods and Work in Progress which is in lines with prevailing accounting standards. • We have performed Physical verification of inventories as at subsequent date on account of Covid -19 lockdown restrictions during year end and have reviewed necessary roll back procedures. Our procedures did not identify any material exceptions.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended including the Companies (Indian Accounting Standards) Amendment Rules, 2019. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the aforesaid standalone Ind AS 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, 2019;
   (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
   (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 36 to the standalone Ind AS financial statements;
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

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

per Ravi Bansal
Partner
Membership Number: 049365
UDIN: 20049365AAAABU9663

Place of Signature: Mumbai
Date: July 10, 2020

ANNEXURE 1 REFERRED TO IN PARAGRAPH ON REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS OF OUR REPORT OF EVEN DATE OF GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED FOR THE YEAR ENDED MARCH 31, 2020

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

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

(c) According to the information and explanations given by the management the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company. In respect of immovable properties of land that have been taken on lease and disclosed as property, plant and equipment (note 4) in the financial statements, the lease agreement for two parcels of the leasehold land with an aggregate carrying value of Rs 41.06 crores (Aggregate Gross block of Rs. 43.05 crores) as at March 31, 2020 are yet to be entered in the name of the Company, although the Company is the lessee as per the arrangement.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification. There was no inventory lying with third parties.

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

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

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

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

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

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

(c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of Statute	Nature of dues	Forum where dispute is pending	Period to which the amount related	Amount involved (Rs. in Crores)	Amount Unpaid* (Rs. in Crores)
Central Excise Act, 1944	Excise Duty	Assistant/ deputy Commissioner	1997-2002	1.93	1.19
		CESTAT, Ahmedabad	2015-2016	0.05	0.05
		Commissioner Appeals, Baroda	2009-2013	119.35	119.35
Central Sales Tax Act, 1994/Gujarat Value Added Tax Act, 2004	Value Added Tax/Central Sales tax	Gujarat Value added Tax tribunal	2006-2007	13.95	13.45
			2007-08	19.06	18.56
		Joint Commissioner, Baroda	2012-13	13.11	6.23
			2014-15	15.62	15.52
Madhya Pradesh VAT Act 2002		VAT Appellate Authority, Bhopal	2015-16	0.11	0.09
Central Sales Tax Act, 1994/Gujarat Value Added Tax Act, 2004		Deputy Commissioner, Bharuch	2015-16	0.31	0.31
Central Sales Tax Act, 1994		Deputy Commissioner – Lucknow	2016-17	3.30	3.30
The Income Tax Act 1961		Assessing Officer	AY 2018-19	3.00	3.00

* Net of Amount paid under protest

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

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

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

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

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

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

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

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

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

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

per Ravi Bansal
Partner
Membership Number: 049365
UDIN: 20049365AAAABU9663

Place of Signature: Mumbai
Date: July 10, 2020

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

We have audited the internal financial controls over financial reporting of Gujarat Narmada Valley Fertilizers & Chemicals Limited (the "Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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

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

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

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Ravi Bansal
Partner
Membership Number: 049365
UDIN: 20049365AAAABU9663

Place of Signature: Mumbai
Date: July 10, 2020

STANDALONE BALANCE SHEET AS AT MARCH 31, 2020

(Rs. in Crores)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	4	**3,768.07**	3,915.70
(b) Capital work-in-progress	4	**81.90**	25.36
(c) Investment property	5	**18.13**	18.55
(d) Right of use asset	39	**1.78**	-
(e) Intangible assets	6	**22.48**	24.66
(f) Financial assets			
(i) Investments	7	**595.93**	731.65
(ii) Loans and advances	8	**102.22**	247.37
(iii) Other financial assets	9	**14.34**	11.46
(g) Income tax assets (net)	25	**11.47**	23.16
(h) Other non-current assets	11	**77.39**	55.78
		4,693.71	5,053.69
II. Current assets			
(a) Inventories	12	**932.35**	829.03
(b) Financial assets			
(i) Trade receivables	10	**1,413.42**	1,240.19
(ii) Cash and cash equivalents	13	**65.74**	164.24
(iii) Other bank balances	14	**123.26**	70.67
(iv) Loans and advances	8	**183.86**	16.70
(v) Other financial assets	9	**782.82**	22.83
(c) Other current assets	15	**146.71**	144.25
		3,648.16	2,487.91
Total Assets		**8,341.87**	7,541.60
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	16	**155.42**	155.42
(b) Other equity	17	**5,067.08**	4,841.68
		5,222.50	4,997.10
Liabilities			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	39	**0.67**	-
(b) Provisions	21	**243.19**	235.90
(c) Deferred tax liabilities (net)	25	**316.08**	466.68
(d) Government grants (deferred income)	22	**759.16**	819.82
		1,319.10	1,522.40
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	**858.64**	207.93
(ii) Lease liabilities	39	**1.18**	-
(iii) Trade payables:	19		
(A) total outstanding dues of micro and small enterprises		**32.56**	31.36
(B) total outstanding dues of creditors other than micro and small enterprises		**480.84**	363.39
(iv) Other financial liabilities	20	**209.83**	182.50
(b) Other current liabilities	23	**68.30**	84.74
(c) Provisions	24	**62.28**	63.73
(d) Government grants (deferred income)	22	**62.50**	65.65
(e) Current tax liabilities (net)	25	**24.14**	22.80
		1,800.27	1,022.10
Total Equity and Liabilities		**8,341.87**	7,541.60

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

For and on behalf of the Board of Directors,

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

Place : Bharuch
Date : July 10, 2020

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

Place : Mumbai
Date : July 10, 2020

STATEMENT OF STANDALONE PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in Crores)

Particulars	Notes	Year Ended March 31, 2020	Year Ended March 31, 2019
Income			
Revenue from operations	26	**5,162.42**	5,896.02
Other income	27	**152.67**	220.54
Total		**5,315.09**	6,116.56
Expenses			
Cost of raw materials consumed	28	**2,733.89**	2,848.11
Purchase of traded goods	29A	**16.11**	17.22
Purchase of goods and services - IT division	29B	**26.93**	44.53
(Increase) in inventories of finished goods, work-in-progress and traded goods	30	**(39.17)**	(49.24)
Power, fuel and other utilities		**829.30**	890.27
Employee benefits expense	31	**513.30**	523.63
Finance costs	32	**5.27**	6.38
Depreciation and amortisation expense	33	**264.33**	262.95
Other expenses	34	**540.35**	753.34
Total		**4,890.31**	5,297.19
Profit before tax		**424.78**	819.37
Tax expense			
Current tax	25	**75.51**	244.32
Excess tax provision write back of earlier years	25	**(10.64)**	(133.86)
Deferred tax	25	**(138.94)**	(32.26)
Total tax expense		**(74.07)**	78.20
Profit for the year	**(A)**	**498.85**	741.17
Other comprehensive income / (expense)			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement (losses) on defined benefit plans		**(17.47)**	(74.47)
Income tax effect credit	25	**3.05**	26.02
Net (loss) on FVTOCI equity investments		**(135.70)**	(6.35)
Income tax effect credit / (charge)	25	**7.82**	(6.73)
Net other comprehensive (expense) not to be reclassified to profit or loss in subsequent periods		**(142.30)**	(61.53)
Total other comprehensive (expense) for the year, net of tax	**(B)**	**(142.30)**	(61.53)
Total comprehensive income for the year, net of tax	**(A)+(B)**	**356.55**	679.64
Earnings per Share - (Face value of Rs. 10 each) Basic and Diluted (in Rs.)	35	**32.10**	47.69

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

For and on behalf of the Board of Directors,

D. V. Parikh
General Manager & CFO

A. C. Shah
Company Secretary

M S Dagur
Managing Director

Shri Anil Mukim, IAS
Chairman

Place : Bharuch
Date : July 10, 2020

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

Place : Mumbai
Date : July 10, 2020

STATEMENT OF STANDALONE CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

(A) Equity share capital **(Rs. in Crores)**

Particulars	Notes	Amount
Balance as at April 01, 2018		**155.42**
Changes in equity share capital	16	-
Balance as at March 31, 2019		**155.42**
Changes in equity share capital	16	-
Balance as at March 31, 2020		**155.42**

(B) Other equity (Rs. in Crores)

Particulars	Reserves and surplus				Other Comprehensive Income FVTOCI reserve	Total
	Capital reserve	Securities premium	General reserve	Retained earnings		
	Note 17.1	Note 17.1	Note 17.1	Note 17.1	Note 17.2	
Balance as at April 01, 2018	**0.64**	**313.31**	**2,304.76**	**1,189.46**	**494.39**	**4,302.56**
Profit for the year	-	-	-	741.17	-	741.17
Other comprehensive (expense) for the year	-	-	-	(48.45)	(13.08)	(61.53)
Total comprehensive income for the year	-	-	-	692.72	(13.08)	679.64
Dividend paid during the year (refer Note 17.3)	-	-	-	(116.56)	-	(116.56)
Dividend distribution tax (refer Note 17.3)	-	-	-	(23.96)	-	(23.96)
Transfer from retained earnings	-	-	175.00	(175.00)	-	-
Balance as at March 31, 2019	**0.64**	**313.31**	**2,479.76**	**1,566.66**	**481.31**	**4,841.68**
Profit for the year	-	-	-	498.85	-	498.85
Other comprehensive (expense) for the year	-	-	-	(14.42)	(127.88)	(142.30)
Total comprehensive income for the year	**-**	**-**	**-**	**484.43**	**(127.88)**	**356.55**
Dividend paid during the year (refer Note 17.3)	-	-	-	(108.79)	-	(108.79)
Dividend distribution tax (refer Note 17.3)	-	-	-	(22.36)	-	(22.36)
Balance as at March 31, 2020	**0.64**	**313.31**	**2,479.76**	**1,919.94**	**353.43**	**5,067.08**

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

For and on behalf of the Board of Directors,

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

Place : Bharuch
Date : July 10, 2020

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

Place : Mumbai
Date : July 10, 2020

STATEMENT OF STANDALONE CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in Crores)

Particulars	March 31, 2020	March 31, 2019
Cash flow from operating activities		
Profit before tax as per statement of profit and loss	**424.78**	819.37
Adjustments for:		
Impairment - capital work in progress	**4.68**	2.93
Loss on sale / discard of property, plant and equipment (net)	**0.15**	5.69
Gain on Lease modification/ termination	**(0.01)**	-
Depreciation and amortization	**264.33**	262.95
Interest expense on employee loan fair valuation	**(2.13)**	-
Interest income	**(45.05)**	(49.54)
Dividend income	**(4.76)**	(7.05)
Amortization of grant income	**(65.55)**	(60.65)
Unclaimed loans / liabilities / excess provision for doubtful debt written back	**(3.75)**	(37.92)
Gain (adjustment) on decapitalisation of property, plant and equipment	**(0.10)**	(8.40)
Unrealised foreign exchange fluctuation (gain)	**(0.65)**	(6.16)
Finance costs	**3.25**	3.21
Premium on forward contracts	**0.42**	0.73
Provision for energy savings certificates	**-**	1.60
Provision for Diminution in Value of Investments	**0.01**	-
Provision for Inventory obsolescence	**2.49**	-
Contingencies cost	**-**	3.04
Expected loss of provident fund trust	**-**	10.25
Unrealised subsidy balances / bad debts written off (refer Note 44)	**0.33**	127.59
Provision for doubtful debts / advances (net)	**8.44**	0.21
Operating profit before working capital changes	**586.88**	1,067.85
Movements in working capital :		
(Increase) in trade receivables	**(176.78)**	(243.84)
(Increase) in inventories	**(191.13)**	(148.39)
Decrease in financial assets	**0.48**	22.87
(Increase) / decrease in loans and advances and other assets	**(18.43)**	71.97
(Decrease) / increase in provision	**(11.63)**	70.44
Increase / (decrease) in trade payables and other liabilities	**101.63**	(143.48)
Increase in financial liabilities	**42.82**	112.52
Cash generated from operations	**333.84**	809.94
Income taxes paid (net)	**(48.10)**	(108.79)
Net cash flow generated from operating activities (A)	**285.74**	701.15
Cash flows from investing activities		
Payment for purchase of property, plant & equipment (Including capital work In progress and capital advances)	**(131.30)**	(130.99)
Proceeds from sale / concession received of property, plant and equipment (refer Note 4)	**0.99**	33.24
Purchase of investments	**-**	(12.00)

STATEMENT OF STANDALONE CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in Crores)

Particulars	March 31, 2020	March 31, 2019
Advances for Purchase of investment (refer Note 9)	**(758.92)**	-
(Increase) in deposits with corporates (net)	**(5.00)**	(160.00)
Change in other bank balances (net)	**(52.59)**	(60.66)
Interest received	**38.39**	15.85
Dividend received	**7.52**	4.29
Net cash flow (used in) investing activities (B)	**(900.91)**	(310.27)
Cash flows from financing activities		
Proceeds from short term borrowings	**862.56**	688.45
Repayment of short term borrowings	**(182.51)**	(658.77)
Repayment of long-term borrowings	**-**	(72.11)
Interest paid	**(3.02)**	(3.20)
Dividend Paid (Including dividend distribution tax)	**(130.59)**	(138.57)
Premium on forward contracts	**(0.42)**	(0.73)
Net cash generated from / (used in) financing activities (C)	**546.02**	(184.93)
Net (decrease) / increase in cash and cash equivalents (A + B + C)	**(69.15)**	205.95
Cash and cash equivalents at the beginning of the year	**109.23**	(96.72)
Cash and cash equivalents at the end of the year	**40.08**	109.23
Notes:		
Component of Cash and Cash equivalents		
- Cash on hand	**-**	0.24
- Debit balance in cash credit accounts	**0.82**	8.38
- Balances with bank on current accounts	**5.60**	3.62
- Deposit with original maturity of Less than three months	**59.32**	152.00
Total (refer Note 13)	**65.74**	164.24
Less: Cash credit and overdraft accounts (refer Note 18)	**25.66**	55.01
Total cash and cash equivalents	**40.08**	109.23

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

(1) The Cash flow statement has been prepared under the indirect method as set out in the "Indian Accounting Standard (Ind AS) 7 - Statement of Cash Flows" issued by the Institute of Chartered Accountants of India.

(2) Disclosure under Para 44A as set out in Ind AS 7 "Statement of Cash flows" under Companies (Indian Accounting Standards) Rules, 2017 (as amended) is given as per Note 13.

For and on behalf of the Board of Directors,

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

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

Place : Bharuch
Date : July 10, 2020

Place : Mumbai
Date : July 10, 2020

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1 Corporate information

The financial statements comprise financial statements of Gujarat Narmada Valley Fertilizers & Chemicals Limited ('the Company') for the year ended March 31, 2020. 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 July 10, 2020.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) including the Companies (Indian Accounting Standards) Amendment Rules, 2019.

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

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

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

2.2 Summary of significant accounting policies

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle; or
- Held primarily for the purpose of trading; or
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle; or
- It is held primarily for the purpose of trading; or
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

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

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

b) Foreign currency transactions

The Company's financial statements are presented in 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

c) Transactions and balances

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

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

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception that the Exchange differences arising on long-term foreign currency monetary items related to acquisition of a Property, Plant and Equipment (including funds used for projects work in progress) recognized in the Indian GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period i.e. March 31, 2016 are capitalized / decapitalized to cost of Property, Plant and Equipment and depreciated over the remaining useful life of the 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 on selling of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

External valuers are involved for valuation of significant assets, such as properties and unquoted investments. Involvement of external valuers is decided upon annually by the Management and in specific cases after discussion with and approval by the Company's Audit Committee. Selection criteria includes market knowledge, reputation, independence and whether

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

professional standards are maintained. The Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

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

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

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

e) Revenue 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)."

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

- 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 the 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 the quantity sold.

Urea and ANP freight subsidy

Freight Subsidy is recognized for the quantity transferred / delivered to customers based on the notified rates approved by the GoI in case of Urea and on the normative notified rates approved by the GoI or the actual freight whichever is lower in case of ANP.

Rendering of services (including contracted services)

Income from services rendered by the Information Technology division (including operation and maintenance) is recognized as and when the services are transferred to the customer at an amount that reflect the consideration to which the Company expects to be entitled in exchange for those services.

Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. Interest income is included in other income in the statement of profit or loss.

Dividends

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

Insurance claims

Claims receivable on account of insurance are accounted for to the extent no significant uncertainty exist for the measurement and realisation of the amount.

Government grants and export incentives

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

Export incentive

Export incentives under various schemes notified by government are accounted for in the year of exports based on the eligibility, reasonable accuracy and conditions precedent to claim are fulfilled.

f) Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Trade receivables (including subsidy receivables)

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section Q ""Financial instruments – initial recognition and subsequent measurement"".

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

g) Taxes

Tax expense comprises of current income tax and deferred tax.

Current income tax

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

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

Deferred tax

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The Company is eligible and claiming tax deductions available under section 80IA of the Income Tax Act, 1961 for a period of 10 years w.e.f FY 2011-12 in respect of windmill income and w.e.f FY 2012-13 in respect of co-generation power and steam unit (CPSU). In view of Company availing tax deduction under Section 80IA of the Income Tax Act, 1961, deferred

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

tax has been recognized in respect of temporary difference, which will reverse after the tax holiday period in the year in which the temporary difference originate and no deferred tax (assets or liabilities) is recognized in respect of temporary difference which reverse during tax holiday period, to the extent such gross total income is subject to the deduction during the tax holiday period. For recognition of deferred tax, the temporary difference which originate first are considered to reverse first.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Deferred tax assets and liabilities are offset if and only if there is a legally enforceable right to offset corresponding current tax assets against current tax liabilities and when the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company. Current tax assets and current tax liabilities are offset where the entity has a legally enforceable right to offset the recognized amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

h) Property, plant and equipment

Measurement at recognition

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of PPE is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Such cost includes the cost of replacing part of the plant and equipment if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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 catagories of property, plant & equipments are different from those prescribed under Part C of Schedule II of the Companies Act, 2013 based on management estimates. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be use. Category wise details are as under:

Sr No	Category	Useful life in years
1.	Plant and equipment (including capital spares)	Ranging from 1 to 40 years
2.	Furniture and Fixtures	Ranging from 2 to 20 years
3.	Office equipments	Ranging from 1 to 13 years
4.	Roads, culverts and compound wall	Ranging from 3 to 30 years
5.	Water supply and drainage system	Ranging from 5 to 15 years

The identified components of Property, Plant and Equipments are depreciated over their useful lives and the remaining components are depreciated over the life of principal assets.

Freehold land is not depreciated. Lease hold land is amortized over the lease term of 99 years.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate and adjusted prospectively, if appropriate.

De-recognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the De-recognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

i) Investment Properties

Investment properties are measured initially at original cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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:

Intangible Assets	Method of Amortization	Estimated Useful life
Computer software	on straight line basis	Six years or validity period whichever is lower
Licenses	on straight line basis	Over its useful life of 20 years

k) Borrowing costs

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

l) Leases

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

For arrangements entered into prior to April 01, 2017, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use Assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land	8 to 9 years
- Building (includes Godown / warrhouses & office premises)	3 years
- Vehicle	3 years

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (n) Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of building, machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

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

m) Inventories

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

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

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

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

All other inventories of stores and consumables (including coal) are valued at Weighted Average Cost.

Stores and Spares includes equipment spare parts, catalyst and others which are held as inventory by the Company.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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 contribution scheme. Till current year end the Company has separate recognized Provident Fund trusts for all the employees of the Company. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trusts and the interest rate notified by Government.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

The employee's gratuity fund scheme and post-retirement medical benefit schemes are Company's defined benefit plans. The contributions under the plans are made to separately administered funds. The cost of providing benefits under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on the net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short term employee benefits. The Company measures the expected cost of such absence as the additional amount that is expected to pay as a result of the unused estimate that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months as long term compensated absences which are provided for based on actuarial valuation as at the end of the period. The actuarial valuation is done as per Projected Unit Credit Method.

q) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in case of financial asset not recorded at fair value through profit and loss, transaction cost that are attributable to the acquisition of the financial assets.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the Practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (e) for Revenue from contracts with customers.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payment of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date. i.e. the date that the Company commits to purchase or sell the asset.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

(i) Financial assets measured at amortized cost (debt instrument)

(ii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

(iii) Financial assets measured at fair value through profit or loss (FVTPL)

(i) Financial assets measured at amortized cost (debt instrument)

A 'financial asset' is measured at amortized cost if both the following conditions are met:

(a) the financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category generally applies to cash and bank balances, trade receivables, investments in unquoted equity shares of subsidiary entity and an associate entity, loans & advances and other financial assets of the Company (Refer note 48 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 act 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 and advances to GNFC-EPFT as at FVTPL. (Refer note 48 for further details).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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" 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

For the purpose of subsequant measurement, financial liabilities are classified into two categories:

(i) Financial liabilities measured at fair value through profit or loss

(ii) Financial liabilities measured at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains / losses attributable to changes in own credit risk are recognized in OCI. These gains / losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as at FVTPL.

Financial liabilities measured at amortised cost (loans and borrowings)

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

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

This category generally applies to borrowings.

Derecognition

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

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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.

2.3 Changes in accounting policies and disclosures

The following standards and amendments became applicable for the first time for the annual reporting period commencing from 1st April, 2019:

- Ind AS 116 – Leases
- Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment
- Amendments to Ind AS 109: Prepayment Features with Negative Compensation
- Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement
- Amendments to Ind AS 28: Long-term interests in associates and joint ventures

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below and most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

Ind AS 116 - Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 - Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 - Operating Leases-Incentives and Appendix B of Ind AS 17 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. At the commencement date of the lease, a lessee will recognise a liability to make lease payments (i.e. lease liability) and an asset representing the right of use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-to-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

The Company has adopted Ind AS 116 'Leases' with effect from April 1, 2019 using the modified retrospective method. Cumulative effect of initially applying the standard has been recognised on the date of initial application and hence the Company has not restated comparation information. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). Accordingly, the Company has recognised right-of-use asset of Rs. 3.46 crore and a corresponding lease liability of Rs. 3.46 crore in the financial statements on the date of initial application. There is no impact on the retained earnings. Due to adoption of Ind AS 116, the classification of expenses has changed from rent in previous years to depreciation cost on right-of-use asset and finance cost for interest on lease liability. The Company has recognised depreciation on right-of-use asset of Rs. 1.99 crore and interest on lease liability of Rs.0.21 crore for the year ended March 31, 2020. The effect of this standard is not significant on the profit for the reporting year of the Company.

3 Significant accounting judgement, estimates and assumptions

The preparation of the Company's Ind AS Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Companies accounting policies, management has made the following judgements which have the most significant effects on the amounts recognised in the financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Taxes

Deferred tax assets (including tax credit under Minimum Alternate Tax (MAT)) are recognized for unused tax credits to

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

Defined benefit plans (gratuity benefits and other post-employment medical benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of these obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, medical cost escalations and mortality rates etc. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates 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 48 for further disclosures.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the future years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance being tested. The cash flow projections, beyond period covered by the most recent budget / forecast, the Company extrapolates cash flow projections taking base of budget working using a steady or declining growth rate for subsequent years unless an increasing trend can be justified. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 4 : Property, plant and equipment

(Rs. in Crores)

	Land freehold	Land leasehold	Buildings	Plant and equipment	Furniture and fixture	Vehicles	Office equipment	Roads, culverts and compound wall	Water supply and drainage system	Railway sidings	Total
Cost											
As at April 01, 2018	**111.03**	**214.69**	**427.46**	**6,592.98**	**32.68**	**7.79**	**12.19**	**64.54**	**122.54**	**3.77**	**7,589.67**
Additions	-	25.85	2.24	71.15	0.75	0.44	0.66	-	4.63	-	105.72
Disposals	-	-	-	(53.21)	(0.26)	(1.08)	(0.03)	-	-	-	(54.58)
Adjustments for foreign currency fluctuation	-	-	-	(2.49)	-	-	-	-	-	-	(2.49)
As at March 31, 2019	**111.03**	**240.54**	**429.70**	**6,608.43**	**33.17**	**7.15**	**12.82**	**64.54**	**127.17**	**3.77**	**7,638.32**
Additions	-	-	2.70	103.40	0.87	0.86	0.49	4.09	0.54	-	112.95
Disposals	-	-	-	(10.29)	(0.38)	(0.92)	(0.06)	-	-	-	(11.65)
As at March 31, 2020	**111.03**	**240.54**	**432.40**	**6,701.54**	**33.66**	**7.09**	**13.25**	**68.63**	**127.71**	**3.77**	**7,739.62**
Depreciation / Amortisation											
As at April 01, 2018	**-**	**13.46**	**96.07**	**3,243.28**	**20.17**	**3.27**	**10.37**	**29.83**	**54.91**	**3.58**	**3,474.94**
Depreciation for the year	-	2.36	11.58	228.33	2.25	0.78	0.51	4.61	9.35	-	259.77
Disposals	-	-	-	(11.36)	(0.19)	(0.53)	(0.01)	-	-	-	(12.09)
As at March 31, 2019	**-**	**15.82**	**107.65**	**3,460.25**	**22.23**	**3.52**	**10.87**	**34.44**	**64.26**	**3.58**	**3,722.62**
Depreciation for the year	-	2.52	11.62	230.86	2.10	0.71	0.49	4.95	5.93	-	259.18
Disposals	-	-	-	(9.51)	(0.34)	(0.37)	(0.03)	-	-	-	(10.25)
As at March 31, 2020	**-**	**18.34**	**119.27**	**3,681.60**	**23.99**	**3.86**	**11.33**	**39.39**	**70.19**	**3.58**	**3,971.55**
Net Block											
As at March 31, 2020	**111.03**	**222.20**	**313.13**	**3,019.94**	**9.67**	**3.23**	**1.92**	**29.24**	**57.52**	**0.19**	**3,768.07**
As at March 31, 2019	111.03	224.72	322.05	3,148.18	10.94	3.63	1.95	30.10	62.91	0.19	3,915.70

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.

Addition to lease hold land during the previous year represents cost of increase in land area earlier allotted to the Company and payment of stamp duty on registration of lease agreement in respect of lease hold land situated at Dahej."

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 Rs. 1,215.64 crores (net of decapitalisation) represented by capital grant of Rs. 1,213.06 crores.

c. During the previous year the Company had received concession amounting to Rs. 32.75 crores towards Feed Stock Conversion Project, which had been adjusted to the carrying value of plant and equipment in terms of para 37 of Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The gain (adjustment) of Rs. 5.69 crores arising on decapitalisation of plant & equipment was transferred to Other income in the previous year. (refer Note 27).

d. During the year the Company has received concession amounting to Rs. 0.36 crore (Rs. 12.26 crores in previous year) towards TDI II project, which has been adjusted to the carrying value of plant and equipment in terms of para 37 of Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The gain (adjustment) of Rs. 0.10 crore (Rs. 2.71 crores in previous year) arising on decapitalisation is transferred to Other income (refer Note 27).

e. During the year, the Company has capitalised Rs. 85.33 crore of spares, stand by equipment which are of capital nature and meet the definition of property, plant and equipment in accordance with para 8 of Ind AS 16 - "Property, Plant and Equipment" which are shown as addition in plant and equipment.

f. Assets given on lease includes plant and equipment :

- Cost as at March 31, 2020 is Rs. 9.39 crore (March 31, 2019 Rs. 9.39 crore)
- Depreciation as at March 31, 2020 is Rs. 8.92 crore (March 31, 2019 Rs. 8.92 crore)
- Net block as at March 31, 2020 is Rs. 0.47 crore (March 31, 2019 Rs. 0.47 crore)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

g. Capital work in progress is as under:
- Gross block as at March 31, 2020 is Rs. 89.51 crore (March 31, 2019 Rs. 28.29 crore)
- Impairment provision as at March 31, 2020 is Rs. 7.61 crore (March 31, 2019 Rs. 2.93 crore)
- Net block as at March 31, 2020 is Rs. 81.90 crore (March 31, 2019 Rs. 25.36 crore)

It mainly includes cost incurred on plant and equipment procured at Neem project (Rs. 26.83 crore) , Ammonia Plant (Rs. 8.64 crore), TDI II Dahej Plant (Rs. 7.26 crore), WNA Plant (Rs. 26.54 crore), Formic Acid Plant (Rs. 3 crore) and 10MW Solar Plant (Rs. 2.54 crore).

h. Additions to property, plant & equipment during the year include Rs. Nil (previous year: Rs. 0.36 crore) used for research and development activities.

Note 5 : Investment property

(Rs. in Crores)

Particulars	Building	Total
Cost		
As at April 01, 2018	**25.93**	**25.93**
Additions (subsequent expenditure)	-	-
As at March 31, 2019	**25.93**	**25.93**
Additions (subsequent expenditure)	-	-
As at March 31, 2020	**25.93**	**25.93**
Depreciation		
As at April 01, 2018	**6.95**	**6.95**
Depreciation for the year	0.43	0.43
As at March 31, 2019	**7.38**	**7.38**
Depreciation for the year	0.42	0.42
As at March 31, 2020	**7.80**	**7.80**
Net Block		
As at March 31, 2020	**18.13**	**18.13**
As at March 31, 2019	18.55	18.55

Information regarding income and expenditure of Investment property

(Rs. in Crores)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Rental income derived from Investment properties	**11.36**	11.41
Direct operating expenses (including repairs and maintenance) generating rental income	**(3.62)**	(3.64)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	**(1.98)**	(1.69)
Profit arising from investment property before depreciation and indirect expenses	**5.76**	6.08
Less : Depreciation	**(0.42)**	(0.43)
Profit arising from investment property before indirect expenses	**5.34**	5.65

(i) As at March 31, 2020 and March 31, 2019 the fair values of the investment property is Rs 85.21 crore and Rs. 85.25 crore 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 48.2.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 6 : Intangible assets (Rs. in Crores)

Particulars	Computer software	Licenses	Total
Cost			
As at April 01, 2018	**25.70**	**34.27**	**59.97**
Additions	-	-	-
As at March 31, 2019	**25.70**	**34.27**	**59.97**
Additions	0.56	-	0.56
As at March 31, 2020	**26.26**	**34.27**	**60.53**
Amortization			
As at April 01, 2018	**19.38**	**13.18**	**32.56**
Amortization for the year	1.20	1.55	2.75
As at March 31, 2019	**20.58**	**14.73**	**35.31**
Amortization for the year	1.19	1.55	2.74
As at March 31, 2020	**21.77**	**16.28**	**38.05**
Net Block			
As at March 31, 2020	**4.49**	**17.99**	**22.48**
As at March 31, 2019	5.12	19.54	24.66

Note 7 : Investments (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Investments		
(i) Investment in a Subsidiary at cost (Unquoted)		
Investment in equity instrument-unquoted (In fully paid up equity shares)		
10,000 (previous year 10,000) Equity shares of Gujarat Ncode Solutions Limited of Rs. 10/- each	**0.01**	0.01
Less: Provision for diminution in Value of Investments	**(0.01)**	-
Total	-	0.01
(ii) Investment in Associate at cost (Unquoted)		
Investment in equity instrument-unquoted (In fully paid up equity shares)		
12,50,000 (previous year 12,50,000) Equity shares of Gujarat Green Revolution Company Limited of Rs. 10/- each	**1.25**	1.25
Total	**1.25**	1.25
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 Rs 2/- each	**27.41**	78.19
B) 17,59,996 (previous year 17,59,996) Equity Shares of Gujarat Alkalies & Chemicals Limited of Rs 10/- each	**39.25**	86.82

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
C) 80,00,000 (previous year 80,00,000) Equity Shares of Gujarat State Petronet Limited of Rs 10/- each	**137.96**	152.56
D) 2,66,445 (previous year 2,66,445) Equity Shares of Gujarat Gas Limited of Rs 2/- each	**6.15**	3.94
	210.77	321.51
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 Rs 1/- each	**18.55**	17.26
B) 42,000 (previous year 42,000) equity shares of Bharuch Enviro Infrastructure Limited of Rs 10/- each	**4.65**	4.53
C) 20,000 (previous year 20,000) equity shares of Gujarat Venture Finance Limited of Rs 10/- each	**0.34**	0.30
D) 18,39,60,000 (previous year 18,39,60,000) equity shares of Gujarat Chemical Port Limited of Rs 1/- each (formerly known as Gujarat Chemical Port Terminal Company Limited)	**348.97**	347.68
E) 2,42,10,000 (previous year 2,42,10,000) equity shares of Ecophos GNFC Private Limited of Rs. 10/- each @ ##	**- ***	24.21
F) NIL (previous year 6,12,60,000) equity shares of Bhavnagar Energy Company Limited of Rs. 10/- each #	**-**	- *
G) 1 (previous year Nil) equity shares of Gujarat State Electricity Corporation Limited of Rs 10/- each @	**- ***	-
H) 1,35,30,000 (previous year 1,35,30,000) equity shares of Bharuch Dahej Railway Company Limited of Rs 10/- each @	**11.40**	14.90
I) 10 (previous year 10) shares of GESIA IT Association of Rs. 10/- each	**- ***	- *
	383.91	408.88
Total	**594.68**	730.39
Non-current	**595.93**	731.65
Current	**-**	-
Total investments	**595.93**	731.65
Aggregate book value of quoted investments and market value thereof	**210.77**	321.51
Aggregate amount of unquoted investments	**385.16**	410.14

* Amount nullified on conversion to Rs in Crores.

\# During the previous year, the Company had recognized losses on investment in unquoted equity shares of Bhavnagar Energy Company Limited (BECL) that got merged into Gujarat State Electricity Corporation Ltd (GSECL) vide Government of Gujarat notification dated August 27, 2018 for transfer and vesting in GSECL the undertaking of BECL in all respects by issuance of one equity share to each shareholder of BECL against the total number of shares held by them, and thus Company had valued such investment as at March 31, 2019 at the nominal consideration receivable of one share in GSECL resulting into aggregate losses of Rs. 36.38 crores recognized though other comprehensive income in the previous year.

\## 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 amounting to Rs. 24.21 crores. During the year, M/s Eophos S.A. holding 85% shareholding of EGIPL has applied for bankruptcy. Consequently all the nominee directors of EGIPL, Managing Director and Company Secretary of EGIPL has resigned. Plant installation for manufacturing of DCP is yet to commence. Accordingly Company valued such investment as at March 31, 2020 at the nominal consideration of Rs. 1 in EGIPL resulting into aggregate losses of Rs. 24.21 crores recognised through other comprehensive income.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

@ Company is carrying physical share certificate in respect of these investments.

(a) The fair value of the quoted equity investments are derived from quoted market prices in active market.

(b) Investments include investment in unquoted equity shares. Fair value of unquoted investment in equity instrument have been carried out by independent valuer using Net Assets Value model and comparable companies model following Market Approach and Income Approach. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk, volatility, net assets and market multiples. The probabilities of various estimates within the range can be reasonably assessed and are used in management's estimates for fair value for these unquoted equity instruments.

Reconciliation of fair value measurement of the investments in equity shares **(Rs. in Crores)**

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Opening Balance	**730.39**	724.74
Add : Investment made during the year	-	12.00
Fair value (loss) / gain recognised in Other Comprehensive Income	**(135.70)**	(6.35)
Closing Balance	**594.69**	730.39

Note 8 : Loans and advances (Unsecured) **(Rs. in Crores)**

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Loans		
Unsecured - considered good		
Deposits with corporate	**165.00**	-
Loans to employees *	**18.86**	16.70
Total	**183.86**	16.70
Non-Current		
Loans		
Unsecured - considered good		
Deposits with corporate	**-**	160.00
Loans to employees *	**102.22**	87.37
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	**102.22**	247.37
Total loans and advances	**286.08**	264.07

* includes interest accrued Rs 3.78 crore (previous year Rs.3.07 crore) crores on current loans to employees and of Rs. 32.54 crore (previous year Rs. 32.94 crore) on non-current loans to employees.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 9 : Other financial assets (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Other financial assets		
Advances to GNFC Employee Provident Fund Trust (GNFC-EPFT) *	**758.92**	-
Dividend receivable	**-**	2.76
Accrued interest	**10.00**	7.40
Fair value of derivative contracts	**4.59**	-
Other receivables	**0.02**	0.01
Deposits with suppliers	**7.11**	7.11
Export Benefit Receivable	**2.18**	5.55
Total	**782.82**	22.83
Non-Current		
Other financial assets		
Deposits with suppliers	**14.34**	11.25
Other receivables	**-**	0.21
Total	**14.34**	11.46
Total other financial assets	**797.16**	34.29

* During the year, the Company has surrenderred its exemption to hold contribution in GNFC-EPFT to Employees' Provident Fund Organisation (EPFO) based on the Company's obligation as at March 31, 2020 by availing the option of depositing entire corpus of GNFC-EPFT in liquid cash to EPFO. On surrendering the exemption to hold the trust, GNFC-EPFT has deposited Rs 820.59 crores, being the amount equivalent to the statutory liabilities as at March 31, 2020 with the EPFO after obtaining advance from the Company. The Company recognised the shortfall/deficit of Rs. 61.67 crores between the value of investment portfolio and other assets held by GNFC-EPFT and its obligations to EPFO which was made good by the Company. Accordingly recoverable amount of Rs. 758.92 crores is shown as advance to GNFC-EPFT, which is equivalent to the fair value of investments, as evaluated by an independent valuers, and other assets held by GNFC-EPFT as at March 31, 2020.

Note 10 : Trade receivables (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables		
- Secured, considered good	**14.37**	8.96
- Unsecured, considered good	**211.87**	297.75
- Unsecured, Credit impaired	**9.47**	5.17
Subsidy receivables (Considered good)	**1,187.18**	933.48
	1,422.89	1,245.36
Less : Impairment Allowances (Allowance for doubtful debts)		
Trade receivables		
- Credit impaired	**(9.47)**	(5.17)
Total	**1,413.42**	1,240.19

Note: No trade or other receivables are due from Directors or other officers of the Company either severally or jointly with any other person; nor any trade or other receivables are due from firms or private companies in which any Director is a partner, a director or a member.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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) of Rs 91.80 crores (previous year Rs 112.91 crores) are governed by the terms of respective contract agreement.

Subsidy receivables represents amount receivable from government against sale of fertilizers.

Note 11: Other non-current assets (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Unamortized employee loan benefits	**29.75**	25.43
Capital advances	**38.07**	12.62
Deposits / Recoverable balances from customs, excise and others	**2.12**	12.02
Contract assets	**2.99**	-
Prepaid Expense	**4.46**	5.71
Unsecured - considered doubtful		
Advances to suppliers	**1.64**	5.67
Less: Provision for doubtful advances	**(1.64)**	(5.67)
	-	-
Balances / deposits of recoverable customs, taxes, cess etc.	**5.08**	5.08
Less: Provision for doubtful balances	**(5.08)**	(5.08)
	-	-
Receivable from others	**4.14**	-
Less: Provision for doubtful balances	**(4.14)**	-
	-	-
Total	**77.39**	55.78

Note 12 : Inventories (Valued at lower of Cost and Net realisable value) (Rs. in Crores)

Particulars		As at March 31, 2020		As at March 31, 2019
Raw materials		**191.99**		166.00
(Includes in transit inventory as on March 31, 2020 Rs.52.13 crore; as on March 31, 2019 - Nil)				
Work-in-progress		**84.90**		40.34
Finished goods*		**133.62**		138.85
Traded goods		**2.28**		2.44
Stores and spares (Including coal) (refer Note 4(e))	**522.05**		481.40	
(Includes in transit inventory as on March 31, 2020 Rs.0.55 crore; as on March 31, 2019 Rs. 0.03 crore)				
Less: Provison for Inventory obsolescence	**(2.49)**	**519.56**	-	481.40
Total		**932.35**		829.03

* During the current year the company has adjusted finished goods by Rs 3.50 crores (Previous year Rs. 14.57 crores) so as to value such inventories at net realizable value.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 13: Cash and cash equivalents

(Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents		
Balances with banks in:		
- Current accounts	**5.60**	3.62
- Debit balance in cash credit accounts	**0.82**	8.38
Cash on hand	**-**	0.24
Deposits with original maturities less than three months	**59.32**	152.00
Total	**65.74**	164.24

Changes in liabilities arising from financing activities:

(Rs. in Crores)

Particulars	As at April 01, 2019	Cash flows	Foreign exchange management	Changes in fair values	Other	As at March 31, 2020
Current borrowings (excluding items listed below)	207.93	650.71	-	-	-	**858.64**
Deposits from customers / vendors	47.78	19.10	-	-	-	**66.88**
Unclaimed dividends	10.01	0.56	-	-	-	**10.57**
Lease liability (refer note 39)	-	-	-	-	1.85	**1.85**
Total	**265.72**	**670.37**	**-**	**-**	**1.85**	**937.94**

Note 14 : Other bank balances

(Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks		
- Unpaid dividend accounts	**10.57**	10.01
- Bank balances in escrow accounts *	**15.56**	8.70
Deposit with original maturity of less than twelve[12] months but more than three months (Pledged with lenders and Government authorities)	**97.13**	51.96
Total	**123.26**	70.67

* Balances in escrow account represents amounts received on behalf of customers of (n)code division.

Note 15 : Other current assets

(Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Deposits / Recoverable balances from customs, excise and others	**38.19**	59.91
Advance to suppliers	**58.17**	45.92
Insurance claim receivable	**4.00**	-
Contract assets	**18.55**	19.49
Receivable from others	**4.76**	9.05
Prepaid expenses	**17.37**	5.03
Unamortized employee loan benefits	**5.67**	4.85
Energy savings certificates *	**-**	-
Total	**146.71**	144.25

* Amount nullified on conversion to Rs in Crores

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 16 : Share capital **(Rs. in Crores)**

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Authorised share capital				
Equity shares of Rs.10 each	**25,00,00,000**	**250.00**	25,00,00,000	250.00
	25,00,00,000	**250.00**	25,00,00,000	250.00
Issued, subscribed and fully paid up				
Equity shares of Rs.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

16.1. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Rs. In crores	No. of shares	Rs. In crores
Equity Shares				
At the beginning of the year	**15,54,18,783**	**155.42**	15,54,18,783	155.42
Issued/reduction, if any during the year	**-**	-	-	-
Outstanding at the end of the year	**15,54,18,783**	**155.42**	15,54,18,783	155.42

16.2. Terms/rights attached to the equity shares

Rights preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having par value of Rs 10 per share, i.e. equity shares which rank pari passu in all respects. Each holder of equity share is entitled to one vote per share.

For the current financial year 2019-20, the Company has proposed dividend of Rs. 5 per equity share to equity shareholder (for the previous financial year dividend of Rs. 7 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.

16.3. Number of Shares held by each shareholder holding more than 5% Shares in the Company

Particulars	As at March 31, 2020		As at March 31, 2019	
	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	**1,17,91,612**	**7.59**	1,17,91,612	7.59

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 17 : Other equity

Note 17.1 Reserves and surplus (Rs. in Crores)

Particulars	Capital reserve	Securities Premium	General reserve	Retained earnings	Total
As at April 01, 2018	**0.64**	**313.31**	**2304.76**	**1189.46**	**3,808.17**
Profit for the year				741.17	741.17
Re-measurement losses on defined benefit plans (net of tax)				(48.45)	(48.45)
Balance available for appropriation				**1,882.18**	**4,500.89**
Less : Appropriations					
Transfer to General reserve			175.00	(175.00)	-
Dividend				116.56	116.56
Tax on equity dividend				23.96	23.96
As at March 31, 2019	**0.64**	**313.31**	**2,479.76**	**1,566.66**	**4,360.37**
Profit for the year				498.85	498.85
Re-measurement losses on defined benefit plans (net of tax)				(14.42)	(14.42)
Balance available for appropriation				**2,051.09**	**4,844.80**
Less : Appropriations					
Dividend				108.79	108.79
Tax on equity dividend				22.36	22.36
As at March 31, 2020	**0.64**	**313.31**	**2,479.76**	**1,919.94**	**4,713.65**

Securities Premium:

Securities premium is used to record the premium on issue of shares. This reserve is utilized in accordance with the provision of section 52 (2) (c) of the Companies Act, 2013.

Note 17.2 Other comprehensive income (OCI) (Rs. in Crores)

Particulars	Net gain / (loss) on FVTOCI equity Investments	Total
As at April 01, 2018	**494.39**	**494.39**
Other comprehensive (expense) during the year		
Net (loss) on FVTOCI equity investments for the year	(6.35)	(6.35)
Income tax effect	(6.73)	(6.73)
As at March 31, 2019	**481.31**	**481.31**
Other comprehensive (expense) during the year		
Net (loss) on FVTOCI equity investments for the year	(135.70)	(135.70)
Income tax effect	7.82	7.82
As at March 31, 2020	**353.43**	**353.43**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 17.3 Dividend distribution made and proposed (Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cash dividends on equity shares declared and paid		
Final dividend for year ended March 31, 2019: Rs. 7 per share (March 31, 2018: 7.5 per share)	**108.79**	116.56
Dividend distribution tax on final dividend	**22.36**	23.96
	131.15	140.52
Proposed dividends on equity shares		
Final cash dividend proposed for the year ended March 31, 2020: Rs. 5 per share (March 31, 2019: Rs.7 per share)	**77.71**	108.79
Dividend distribution tax on proposed dividend	-	22.36
	77.71	131.15

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at balance sheet date.

Note 18 : Borrowings (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Short-term interest bearing borrowings		
Secured		
From Bank - cash credit and overdraft accounts	**25.66**	55.01
Other loans and advances from banks *	**382.98**	152.92
Unsecured		
Loan repayable on demand from others	**450.00**	-
Total	**858.64**	207.93

* Includes the borrowing availed against Special Banking Arrangement (SBA) of Rs. 232.98 crore (previous year Rs. 152.92 crore) as approved by Ministry of Finance, Department of Economic Affairs to enable the indigenous Urea and P&K manufacturers to raise loans from Punjab National Bank against outstanding subsidy receivables from the Government of India (GOI).

Terms of repayment, interest and secured

SBA carries interest rate of 6.15% p.a. (8.20% p.a previous year) of which GOI shall be bearing 6.15% p.a (7.72% p.a. previous year) and Nil (0.48% p.a. previous year) shall be borne by the Company.

SBA is secured by hypothecation of subsidy receivables in respect of indigenous urea and P&K as identified and lien marked by Government of India. SBA is further secured by letter of comfort from Department of Fertilizers (DOF), GOI for timely payment of principle and interest to the extent of 6.15%. Per annum.

SBA is repayable within maximum period of 60 days from the date of disbursement with one day prior notice.

Security details

Short term borrowings from banks as cash credit and overdraft accounts of Rs. 25.65 Crore (March 31, 2019: Rs. 55.01 Crore) and otehr loans and advances from banks of Rs. 382.98 (March 31, 2019: Rs. 152.92 Crore) are secured by first charge by way of hypothecation of inventories and trade receivables and all other movable assets, both present and future and further secured by second charge by way of mortgage on all immovable properties. These charges are ranking pari-passu among the working capital lenders.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Interest rate details for short term borrowings:

(i) Cash credit facilities and overdrafts carries interest rates ranging from 7.55% p.a. to 8.35% p.a.

(ii) SBA Loan of Rs. 232.98 crore under Other loans and advances from banks carries interest rate of Nil.

(iii) Other short term loan of Rs. 150 crore under Other loans and advances from banks carries interest rate of 6.85% p.a.

(iv) Loan repayable on demand from others includes loan from GSFS carries interest rate of 7% p.a.

Note 19 : Trade payables (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
(A) total outstanding dues of micro, small and medium enterprises	**32.56**	31.36
(B) total outstanding dues of creditors other than micro, small and medium enterprises	**480.84**	363.39
Total	**513.40**	394.75

(Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"):		
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	**32.56**	31.36
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**-**	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	**-**	-
(iv) The amount of interest due and payable for the year	**-**	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	**-**	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	**-**	-

Dues to Micro Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

Note 20 : Other current financial liabilities (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Liability towards capital grant received (net) *	**85.06**	85.06
Deposits / retention money from customers / vendors / others	**66.88**	47.78
Payable for capital goods	**9.75**	23.82
Rebate / discounts payable to customers	**37.34**	15.83
Interest accrued but not due on borrowings	**0.23**	-
Unclaimed dividends #	**10.57**	10.01
Total	**209.83**	182.50

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(*) Represents the liability towards Grant received, pending settlement, by the Company against feed stock conversion project from 'LSHS/ FO' to 'Gas' as disclosed in Note 22.

Not due for credit to "Investors Education and Protection Fund."

Note 21 : Provisions (Non-current) (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for leave encashment	**183.87**	177.73
Provision for post retirement medical benefit (refer Note 41)	**59.32**	47.92
Expected loss of PF trust *	**-**	10.25
Total	**243.19**	235.90

* As a matter of prudence, during the previous year the Company had provided Rs.10.25 Crore towards probable incremental employee benefit liability that may arise on the Company on account of any likely deficit in the GNFC-EPFT in meeting its obligations.

During the year, the Company has surrenderred its exemption to hold contribution in GNFC-EPFT to Employees' Provident Fund Organisation (EPFO) based on the Company's obligation as at March 31, 2020 by availing the option of depositing entire corpus of GNFC-EPFT in liquid cash to EPFO. On surrendering the exemption to hold the trust, GNFC-EPFT has deposited Rs 820.59 crores, being the amount equivalent to the statutory liabilities as at March 31, 2020 with the EPFO after obtaining advance from the Company. The Company recognised the shortfall/deficit of Rs. 61.67 crores between the value of investment portfolio and other assets held by GNFC-EPFT and its obligations to EPFO which was made good by the Company. Accordingly provision of Rs. 10.25 crore provided in earlier year is reversed during the current year.

Note 22 : Government grant (Deferred Income) (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Grant from Government of India (refer note a)	**60.65**	60.65
Government grant of Export Promotion Capital Grant (EPCG) (refer note b)	**1.85**	5.00
Total	**62.50**	65.65
Non Current		
Grant from Government of India (refer note a)	**758.16**	818.82
Other Government grant	**1.00**	1.00
Total	**759.16**	819.82
Total government grant (deferred income)	**821.66**	885.47

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(a) Movement in Grant from Government of India (Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening	**879.47**	940.12
Released to statement of profit and loss	**(60.66)**	(60.65)
Closing	**818.81**	879.47

The Company was eligible for capital grant from Government of India, Ministry of Chemicals & Fertilizers, Department of Fertilizers (DoF) for feed stock conversion project from 'LSHS/FO' to 'Gas' vide sanction letter no 14023/22/2007-FP dated 14.12.2009 as the Company fulfilled the conditions attached to the grant approved by DoF. Accordingly, the grant of Rs. 1,215.74 crore was recorded as contemplated under Para 7 and 12 of Ind AS - 20 on 'Accounting for Government Grants and Disclosure of Government Assistance'. The aforesaid grant have been disbursed by the Government of India. Further on scrutiny of project cost by the Government appointed team, the Grant amount was finalised at Rs. 1,213.06 crore. During the previous year, the government disbursed:

- Rs. 89.18 crore on account of capital grant. Cumulative capital grant received upto March 31, 2019 was Rs.1,146.43 crores against total receivable of Rs 1,213.06 crores and
- Rs. 27.31 crores towards reimbursement of borrowing cost as grant. Cumulative reimbursement of borrowing costs received upto March 31, 2019 was Rs.348.45 crores against the total borrowing cost incurred of Rs.195.47 crores.

Accordingly, the Company, pending settlement, recorded a net liability of Rs 85.06 crores (net of adjustment of receivable against return on investment of Rs.1.29 crores as at March 31, 2020) against amount received over and above the actual grant receivable. (refer note 20).

(b) Movement in Government grant of EPCG (Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening	**5.00**	5.00
Add: New EPCG licence received during the year.	**1.74**	-
Less: Released to statement of profit and loss	**(4.89)**	-
Closing	**1.85**	5.00

Note 23 : Other current liabilities (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory and other liabilities	**13.07**	16.65
Other current liabilities (Refer Note 43(A))	**34.90**	50.56
Contract liabilities (including advance from customers)	**20.33**	17.53
Total	**68.30**	84.74

Note 24 : Provisions (current) (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for gratuity (Refer Note 41)	**1.59**	-
Provision for leave encashment	**55.85**	59.11
Provision for contingencies (refer note a)	**3.04**	3.04
Provision for post retirement medical benefit (Refer Note 41)	**1.80**	1.58
Total	**62.28**	63.73

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note: a

The Company had created a contingency provision of Rs. 3.04 crore during the previous year for possible contractual obligation of IT business. The movement of other provision is as under:

(Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	**3.04**	12.66
Provision made during the year	**-**	3.04
Amount utilised / reversed during the year	**-**	(12.66)
Closing balance	**3.04**	3.04

Note 25 : Income Tax

The major component of income tax expenses for the year ended March 31, 2020 and March 31, 2019 are as under

a) Statement of Profit and Loss Section (Rs. in Crores)

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
Current Income tax			
Current tax charges	A	**75.51**	244.32
Excess tax provision write back of earlier years (refer note (h) below)	B	**(10.64)**	(133.86)
Deferred Tax			
Relating to origination and reversal of temporary differences		**0.52**	(32.26)
Relating to reversal of liabilities on account of change in tax rates (refer note (i) below)		**(127.23)**	-
Tax (credit) under Minimum Alternate tax		**(12.23)**	-
	C	**(138.94)**	(32.26)
Tax Expense reported in the Statement of Profit and Loss	A + B + C	**(74.07)**	78.20
Other Comprehensive Income ('OCI') Section			
Income tax / Deferred tax related to items recognised in OCI during the year			
Remeasurement losses on defined benefit plans, credit		**3.05**	26.02
Unrealised loss on FVTOCI equity investments, credit / (charge)		**7.82**	(6.73)
		10.87	19.29

b) Balance Sheet Section (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Liabilities for current tax (net)	**24.14**	22.80
Income tax assets (net)	**(11.47)**	(23.16)
Net Tax Provision Outstanding	**12.67**	(0.36)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

c) Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2020 and March 31, 2019 **(Rs. in Crores)**

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
	%	Amount	%	Amout
Profit Before tax		**424.78**		819.37
Tax using domestic tax rate for Company	**34.94**	**148.44**	34.94	286.32
Tax Effect of:				
Income exempted from tax	**(0.39)**	**(1.66)**	(0.30)	(2.46)
Deduction u/s 80IA	**(19.52)**	**(82.92)**	(8.49)	(69.54)
Expenses with weighted deduction in tax	**(0.09)**	**(0.39)**	(0.06)	(0.52)
Non-deductible expenses	**0.62**	**2.62**	0.27	2.24
Sale of assets	**0.01**	**0.05**	0.24	1.99
Opening Right of Use Asset - Ind AS 116	**(0.31)**	**(1.32)**	-	-
Realised gain on ECB derivative	**-**	**-**	(0.06)	(0.52)
Adjustment in depreciation net book value of assets	**0.48**	**2.05**	(0.67)	(5.45)
Reversal of deferred tax liability on account of change in tax rate (refer note (i) below)	**(29.95)**	**(127.23)**	-	-
Other adjustments	**(0.72)**	**(3.07)**	-	-
Effective tax rate and tax	**(14.93)**	**(63.43)**	25.88	212.06
Excess tax provision write back of earlier years	**(2.50)**	**(10.64)**	(16.34)	(133.86)
Tax expenses as per Books	**(17.44)**	**(74.07)**	9.54	78.20

d) Deferred Tax Liability (net) **(Rs in Crores)**

Particulars	Balance Sheet as at		Statement of Profit and Loss	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
(Liability) on Accelerated depreciation for tax purpose	**(650.19)**	(873.65)	**(223.46)**	(30.59)
Assets on provision for Leave encashment	**69.55**	80.03	**10.48**	(22.75)
Assets on deferrd government grant of ASGP	**223.87**	307.32	**83.45**	21.20
Assets on deferrd government grant of EPCG	**0.03**	1.75	**1.72**	-
Assets on Provision for doubtful debts and advances	**13.59**	14.76	**1.17**	1.10
(Liability) on equity investment FVTOCI	**(22.58)**	(30.40)	**(7.82)**	6.73
Assets on other adjustments	**2.59**	2.52	**(0.07)**	(1.22)
Total	**(363.14)**	(497.67)	**(134.53)**	(25.53)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

e) Deferred tax liabilities reflected in the balance sheet as follows **(Rs in Crores)**

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax liabilities	**363.14**	497.67
Less :Tax credit entitlement under MAT	**(47.06)**	(30.99)
Deferred tax liabilities (net)	**316.08**	466.68

f) Reconciliation of deferred tax liabilities (net) **(Rs in Crores)**

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Opening balance as of April 01, 2019	**466.68**	478.67
Tax expenses during the period recognised in statement of profit and loss	**0.52**	(32.26)
Tax (credit) on reversal of liabilities on account of change in tax rates (refer note (i) below)	**(127.23)**	-
Tax (credit) under Minimum Alternate tax (previous year amount pertains to earlier years)	**(16.07)**	(58.20)
Tax credit during the period recongnised in OCI	**(7.82)**	6.73
Utilisation of MAT credit entitlement	**-**	71.74
Closing balance as of March 31, 2020	**316.08**	466.68

g) During the year the Company made tax provision as per the Minimum Alternate Tax (MAT) in terms of the provisions of section 115JB of the Income Tax Act of Rs 75.51 crore. In the previous year the company had made tax provision as per normal income tax provisons of the Income Tax Act, 1961 of Rs. 244.32 crore.

h) Based on reconciliation of income tax liabilities pertaining to current tax provision of earlier years as per books of account with tax liabilities acknowledged in respective year's income tax return / assessed tax liabilities, excess tax provision aggregating to Rs. 10.64 crores (previous year Rs. 133.86 crores) related with earlier years has been written back in the books.

i) Pursuant to the Taxation Laws (Amendment) Act, 2019, a new section 115BAA is inserted in the Income Tax Act, 1961 which provides an option to the domestic companies to pay income tax at lower rate subject to the giving up of certain incentives and deductions. The Company has made an assessment of the impact of the above section and decided to continue with existing taxation structure to avail tax incentives and deductions available to the Company. However, the Company has applied the lower income tax rates on the deferred tax liabilities on account of temporary differences to the extent these are expected to be realized or settled in the future period when the Company may be subjected to lower tax rate. Accordingly, Company has reversed net deferred tax liability of Rs.127.23 crores during the current year.

j) The Company has following unutilised MAT credit under the Income Tax Act, 1961 for which deferred tax assets has been recongnised in the Balance Sheet at.

Financial Year	Amount (Rs. in Crores)	Year of expiry
2016-17	34.83	2031-32
2019-20	12.23	2034-35
Total	**47.06**	

k) During the year ended March 31, 2020, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity. (refer Note 17.3).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 26 : Revenue from operations (Rs in Crores)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
26.1		
Sale of products		
Own products (refer below note 26.2)	**5,063.58**	5,749.44
Traded products	**18.57**	49.03
	5,082.15	5,798.47
Rendering of services	**61.32**	66.43
Other operating revenue		
Export incentive	**6.93**	15.47
Purchase Tax reimbursement	**-**	6.93
Recovery of administrative charges (Fly Ash)	**6.66**	4.32
Sale of scrap / surplus / unserviceable materials	**5.36**	4.40
	18.95	31.12
Total	**5,162.42**	5,896.02
26.2 Sale of own products above includes:		
Subsidy from Government of India under New Urea Policy / Retention Price Scheme/Nutrient Based Subsidy Scheme		
- Pertaining to current year	**1,319.52**	1,259.06
- Pertaining to earlier year determined during current year	**180.74**	20.41
Total	**1,500.26**	1,279.47
26.3 Timing of revenue recognition		
Goods transferred / services rendered at point in time	**5,136.39**	5,882.38
Services transferred over time	**26.03**	13.64
Total	**5,162.42**	5,896.02

26.4 There are no inter-segment transfers in case of revenue from contracts with customers, accordingly no reconciliation is required with amounts disclosed in the segment information.

26.5 Reconciliation of amounts of revenue recognized in the statement of profit and loss with the contracted price.

(Rs. in Crores)

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
Gross Revenue as per contracted price with customer		**3,952.69**	4,853.92
Adjustments:			
Rebates / discounts / incentives		**(259.75)**	(206.91)
Dearler's margin		**(30.78)**	(30.46)
Net Revenue as per contracted price with customer	**A**	**3,662.16**	4,616.55
Subsidy income from Governement of India	**B**	**1,500.26**	1,279.47
Total Revenue from operations	**A+B**	**5,162.42**	5,896.02

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 27 : Other income

(Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Grant income	**65.55**	64.56
Interest income * @	**45.05**	49.54
Rent income	**12.49**	12.37
Gain (adjustment) on decapitalisation of property, plant and equipment	**0.10**	8.40
Unclaimed loans / liabilities written back $	**3.75**	33.91
Dividend income **	**4.76**	7.05
Exchange variance gain on monetary items	**4.65**	6.16
Excess provision of doubtful debt written back	**-**	4.01
Insurance claim	**11.42**	23.65
Gain on Lease modification/ termination (net of losses)	**0.01**	-
Miscellaneous income	**4.89**	10.89
Total	**152.67**	220.54

* Including Rs. 5.49 crore (previous year Rs. 8.88 crore) on FVTPL Financial Assets.

@ Includes Rs. 4.53 crore (previous year Rs. 22.31 crore) interest on income tax refunds.

$ During the previous year, the company had written back loan from Government of Gujarat that was received by the company during financial years 1979 to 1984 pursuant to then prevailing water supply scheme. Over the years the company had also accrued interest liability of Rs. 10.21 crores on such loan. Since there has been no demand by the Government of Gujarat since disbursement of such loan to recover such loan, the company had written back the liability.

** Including Rs. 4.69 crore (previous year Rs. 6.98 crore) on FVTOCI Financial Assets.

Note 28 : Cost of raw materials consumed

(Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Inventory at the beginning of the year	**166.00**	97.85
Add : Purchases	**2,760.03**	2,916.26
	2,926.03	3,014.11
Less : Inventory at the end of the period	**192.14**	166.00
Total	**2,733.89**	2,848.11

Note 29A : Purchase of traded goods

(Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Purchase of traded goods	**16.11**	17.22
Total	**16.11**	17.22

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 29B : Purchase of goods and services IT division (Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Purchase of goods and services IT division	**26.93**	44.53
Total	**26.93**	44.53

Note 30 : Changes in inventories of finished goods, work-in-progress and traded goods (Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Inventory at the beginning of the year		
Work-in-progress	**40.34**	35.06
Finished goods	**138.85**	93.97
Traded goods	**2.44**	3.36
	181.63	132.39
Inventory at the end of the period		
Work-in-progress	**84.90**	40.34
Finished goods	**133.62**	138.85
Traded goods	**2.28**	2.44
	220.80	181.63
Total	**(39.17)**	(49.24)

Note 31 : Employee benefits expense (Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	**358.94**	403.74
Contribution to provident and pension fund (refer Note 41) *	**55.97**	39.25
Contribution and provision towards gratuity (refer Note 41)	**15.47**	11.04
Employees' welfare expenses	**43.42**	59.35
Loss on transfer of GNFC EPF trust to EPFO *	**39.50**	10.25
Total	**513.30**	523.63

* During the year, the Company has surrenderred its exemption to hold contribution in Employees' Provident Fund Trust of the Company (GNFC-EPFT) to Employees' Provident Fund Organisation (EPFO) based on the statutory obligation as at March 31, 2020 by availing the option of depositing entire corpus of GNFC-EPFT in liquid cash to EPFO against advance from the Company. As per the arrangement, the Company has acquired the investment portfolio and other assets from GNFC-EPFT for Rs 758.92 crores, equivalent to the fair value of investments and other assets held by GNFC-EPFT as at March 31, 2020.

The shortfall/deficit of Rs. 61.67 crores between the value of investment portfolio held by GNFC-EPFT and GNFC-EPFT obligation to EPFO was made good by the Company. Out of shortfall/ deficit, the Company, as a matter of prudence, had provided Rs 10.25 crores in the financial statements for the year ended March 31, 2019 on account of any likely deficit in the GNFC-EPFT in meetings its obligation and accordingly, net loss of Rs 51.42 crores is accounted under Employee benefit expenses in the financial statements for the year ended March 31, 2020. Out of this, Rs. 11.92 Crores pertains to interest shortfall between interest earned by GNFC-EPFT and the interest notified by the Government for FY 2019-20 recognised under the head contribution to provident fund and balance of Rs 39.50 Crores pertains to shortfall between the provident fund liability and the fair value of investments and other assets at March 31, 2020 recognised as loss on transfer of GNFC-EPFT to EPFO.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 32 : Finance costs (Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest on borrowings	**1.66**	2.94
Interest others	**1.38**	0.27
Other borrowing costs	**-**	0.83
Bank charges and commission	**2.02**	2.34
Interest on lease liability (refer Note 39)	**0.21**	-
Total	**5.27**	6.38

Note 33 : Depreciation and amortization expense (Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on property, plant and equipment (refer Note 4)	**259.18**	259.77
Depreciation on investment property (refer Note 5)	**0.42**	0.43
Amortization on intangible assets (refer Note 6)	**2.74**	2.75
Depreciation on RoU assets (refer Note 39)	**1.99**	-
Total	**264.33**	262.95

Note 34 : Other expenses (Rs. in Crores)

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
Stores, chemicals and catalysts		**92.13**		113.67
Packing expenses		**76.38**		89.05
Insurance		**26.27**		10.05
Repairs and maintenance :				
- Building	**5.93**		8.58	
- Plant and equipment	**112.48**		162.41	
- Others	**7.04**	**125.45**	5.40	176.39
Material handling expenses		**9.83**		9.74
Outward freight and other charges		**98.45**		106.68
Sales promotion expenses		**1.24**		2.58
Selling commission		**0.24**		0.81
Rates & taxes		**3.50**		5.91
Operating lease rent		**4.36**		7.77
Printing & stationery, communication and advertisement expense		**2.16**		8.11
Traveling and conveyance expenses		**3.32**		4.93
Fire fighting, safety and security expenses		**8.04**		7.84
Processing charges to contractors		**-**		2.92
Electricity charges		**3.71**		3.72
Professional and consultancy charges		**3.79**		4.70

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 34 : Other expenses (Contd...) (Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Payment for contract services	**13.33**	13.85
Loss on sale / discard of property, plant and equipment (net)	**0.15**	5.69
Director's fees	**0.08**	0.09
Payment to auditors (refer note (a) below)	**0.49**	0.61
Contributions towards Corporate Social Responsibilities (refer Note 40)	**4.20**	3.51
Premium on forward contracts	**0.42**	0.73
Provision for Diminution in Value of Investments	**0.01**	-
Provision for doubtful debts / advances	**8.44**	0.21
Provision for Inventory obsolescence	**2.49**	-
Unrealised subsidy balances written off (refer Note 44)	**-**	127.38
Bad debts written off	**0.33**	0.21
Contingencies cost (refer Note 24)	**-**	3.04
Impairment - capital work in progress	**4.68**	2.93
Provision for Energy Savings Certificates	**-**	1.60
Miscellaneous expenses	**46.86**	38.62
Total	**540.35**	753.34

(a) Payment to auditors includes following :

Payments to Statutory Auditors comprise: (Net of GST Input Credit, where applicable)		
As auditor:		
(i) Statutory Audit Fees	**0.16**	0.15
(ii) Limited review Fees	**0.13**	0.13
In other capacity:		
(i) Certification fees	**0.19**	0.27
(ii) Others	**-**	0.05
Reimbursement of Expenses	**0.01**	0.01
Total	**0.49**	0.61

Note 35 : Earning per share (Rs. in Crores)

Particulars	Unit	Year ended March 31, 2020	Year ended March 31, 2019
Net profit after tax	Rs. in Crore	**498.85**	741.17
Weighted average number of equity shares of nominal value of Rs. 10 each in calculating Earnings Per Share	Nos.	**15,54,18,783**	15,54,18,783
Basic and diluted earnings per share	Rs.	**32.10**	47.69

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 36 : Contingent liabilities and other commitments (to the extent not provided for) **(Rs. in Crores)**

Particulars	As at March 31, 2020	As at March 31, 2019
(A) Contingent liabilities		
(i) Claims against the Company not acknowledged as debts	**226.21**	217.93
(ii) Income tax assessment orders contested	**42.95**	27.19
(iii) Demands in respect of Central Excise Duty, Custom Duty, Service Tax, GST and Value Added Tax as estimated by the Company	**190.24**	219.38
Total contingent liabilities	**459.40**	464.50
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)	**163.90**	120.24
(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.	**35.22**	-
Total other commitments	**35.22**	-

Note 37 : Related party disclosures

Related party disclosures, as required by Ind AS-24, "Related Party Disclosures", are given below:

(i) Related parties with whom transactions have taken place during the period:

Associate	:	Gujarat Green Revolution Company Limited
Wholly Owned Subsidiary	:	Gujarat Ncode Solutions Limited (under process of stricke off)
Key Management Personnel and their relatives	:	Dr J N Singh, IAS, Chairman & Director #
		Shri Anil Mukim, IAS, Chairman & Director *
		Shri M S Dagur, IAS, Managing Director
		Dr. Rajiv Kumar Gupta, IAS, Managing Director ^^
		Smt. Mamta Verma, IAS, Director
		Shri Sujit Gulati, IAS, Director **
		Smt. Gauri Kumar, IAS, (Retd.), Director $
		Prof. Arvind Sahay, Independent Director
		Shri C S Mani, Independent Director ***
		Shri Sunil Parekh, Independent Director
		Shri Piruz Khambatta, Independent Director
		Shri B B Bhayani, Independent Director @
		Shri V D Nanavaty, Director $$
		Shri D V Parikh, GM (Finance) & Chief Financial Officer
		Shri A C Shah, GM (Legal) & Company Secretary $$$
		Shri T J Lakhmapurkar, GM (Legal) & Company Secretary @@

Ceases to be Director and Chairman w.e.f 06.12.2019 upon his superannuation from services of Govt of Gujarat.

* Appointed as Director and Chairman w.e.f 13.12.2019.

^^ Resigned as managing director w.e.f 15.07.2018.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

** Resigned from board w.e.f 30.01.2020.
*** Resigned from board w.e.f 22.07.2019
$$ Resigned from board w.e.f 03.10.2018
@@ Resigned as CS with effect from 10.02.2020.
$ Appointed as Director w.e.f 30.03.2020.
@ Appointed as Director w.e.f 11.02.2020.
$$$ Apointed as CS with effect from 11.02.2020.

Entities over which Key Management Personnel having significant influence : Ecophos GNFC India Private Limited *

* Managing Director of GNFC has resigned from the post of Chairman in Ecophos GNFC India Private Limited w.e.f 06.03.2020. (Refer Note 7)

(ii) Aggregate of transactions for the year with these parties have been given below: **(Rs. in Crores)**

Name of the Company	Nature of transactions	Year Ended March 31, 2020	Year Ended March 31, 2019
Gujarat Green Revolution Company Limited	Sale of goods and services	**- ***	0.01
	Dividend received	**0.06**	0.06
Ecophos GNFC India Private Limited	Provision for receivable amount	**3.48**	-
	Receivable as on 31.03.2020	**3.48**	3.48
Gujarat Ncode Solutions Limited	Advance to meet Expenses	**- ***	-
	Expenses recovered	**- ***	-
	Receivable Written off	**0.04**	-
	Receivable as on 31.03.2020	**-**	0.04

* Amount nullified on conversion to Rs in Crores

(Amount in Rs.)

Name of the Person	Nature of transactions	Year Ended March 31, 2020	Year Ended March 31, 2019
Dr J N Singh, IAS @	Sitting Fees	**45,000**	60,000
Shri M S Dagur, IAS, Managing Director	Managerial remuneration	**22,88,416**	37,74,110
Dr. Rajiv Kumar Gupta, IAS, Managing Director	Managerial remuneration	**-**	2,28,595
Shri Anil Mukim, IAS @	Sitting Fees	**15,000**	-
Smt. Mamta Verma, IAS @	Sitting Fees	**1,50,000**	2,25,000
Shri Sujit Gulati, IAS @	Sitting Fees	**60,000**	30,000
Shri C S Mani	Sitting Fees	**-**	2,25,000
Prof Arvind Sahay	Sitting Fees	**1,20,000**	75,000
Shri Sunil Parekh	Sitting Fees	**3,45,000**	2,25,000
Shri V D Nanavaty	Sitting Fees	**-**	45,000
Shri B B Bhayani	Sitting Fees	**15,000**	-
Shri D V Parikh	Remuneration	**38,57,619**	37,28,614
Shri A C Shah	Remuneration	**2,97,725**	-
Shri T J Lakhmapurkar	Remuneration	**30,92,003**	32,18,233

@ Amount deposited in Government Treasury

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 38 : Research and development expenses

The statement of profit and loss includes following nature of research & development expenses in the respective heads:

(Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Personnel expenses	**2.01**	1.67
Consumables and spares	**0.18**	0.47
Power and fuel consumption	**0.07**	0.08
Total research and development expenses	**2.26**	2.22

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 lease 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:

(Rs. in crores)

Particulars	Land	Building	Vehicles	Total
As at April 01, 2019	-	-	-	-
On adoption of Ind AS 116	0.08	1.95	1.43	3.46
Additions	-	0.66	-	0.66
Deletion / Termination	-	(0.47)	-	(0.47)
Depreciation for the year	(0.01)	(0.97)	(1.01)	(1.99)
Dep on Disposals / termination	-	0.12	-	0.12
As at March 31, 2020	**0.07**	**1.29**	**0.42**	**1.78**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

(Rs. In crores)

Particulars	Amount
As at April 01, 2019	-
On adoption of Ind AS 116	3.46
Additions	0.66
Accretion of interest	0.21
Payments	(2.13)
Lease termination	(0.35)
As at March 31, 2020	**1.85**
Current	**1.18**
Non-Current	**0.67**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

The maturity analysis of lease liabilities are disclosed in Note 48.

The effective interest rate for lease liabilities is 8.70%, with maturity between 2020-2028.

The following are the amounts recognised in profit and loss:

(Rs. In Crores)

Particulars	Amount
Depreciation expense of right-of-use assets	**1.99**
Interest expense on lease liabilities	**0.21**
Expense relating to short-term leases (included in other expenses)	**4.36**
Variable lease payments (included in other expenses)	**-**
Total amount recognised in profit and loss	**6.56**

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:

(Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Not later than one year	**-**	0.23
Later than one year not later than five years	**-**	-
Later than Five years	**-**	-
Total	**-**	0.23

Note 40: Corporate social responsibility (Rs in Crores)

Particulars			Year ended March 31, 2020	Year ended March 31, 2019
a)	**Gross amount required to be spent by the Company during the year:**		**16.01**	12.20
b)	**Amount spent during the year ended on March 31, 2020**	**In cash**	**Yet to be paid in cash**	**Total**
	(i) Construction/acquisition of any asset	-	-	-
	(ii) On purpose other than (i) above	**4.20**	**11.81**	**16.01**
c)	**Amount spent during the year ended on March 31, 2019**			
	(i) Construction/acquisition of any asset	-	-	-
	(ii) On purpose other than (i) above	3.51	8.69	12.20

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 41: Gratuity and other post employment benefit plans:

A. Defined contribution plans:

Amount of Rs. 55.97 Crores (March 31, 2019: Rs. 39.25 Crores) is recognised as expenses and included in note no. 31 "Employee benefit expense"

(Rs in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Provident fund *	**35.26**	21.94
Contribution to pension scheme	**20.71**	17.31
	55.97	39.25

* Includes Rs. 11.92 crores paid towards interest shortfall between interest earned by GNFC-EPFT and the interest notified by the Government for FY 2019-20 (refer Note 31).

B. Defined benefit plans:

The Company has following post employement benefits which are in the nature of defined benefit plans:

(a) Gratuity

(b) Post retirement medical benefit

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity as per payment of Gratuity Act, 1972. The Scheme is funded with Gratuity Trust, which in turn makes contribution to Life Insurance Corporation of India (LIC) in the form of qualifying insurance policy for future payment of gratuity to the employees.

Each year the management reviews the level of funding in the gratuity fund. Such review includes the asset - liability matching strategy. The management decides its contributions based on the results of this review. The management aims to keep annual contributions relatively stable at a level such that no plan deficit (based on valuation performed) will arise.

The plan for the Post retirement medical benefit is unfunded.

The following table summarises the components of net benefit expense recognised in statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

March 31, 2020 : Changes in defined benefit obligations and plan assets (Rs. In Crores)

		Cost charged to statement of profit and loss				Remeasurement gains/(losses) in other comprehensive income (OCI)					Contributions by employer	March 31, 2020
	April 1, 2019	Service cost	Net interest expense	Sub-total included in statement of profit and loss	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		
Gratuity												
Defined benefit obligation	(303.67)	(15.47)	(24.11)	(39.58)	33.50	-	-	(22.97)	13.56	(9.41)	-	**(319.16)**
Fair value of plan assets	303.67	-	24.11	24.11	(33.50)	(1.34)	-	-	-	(1.34)	24.63	**317.57**
Benefit (liability) / Assets	**-**	**(15.47)**	**-**	**(15.47)**	**-**	**(1.34)**	**-**	**(22.97)**	**13.56**	**(10.75)**	**24.63**	**(1.59)**
Post retirement medical benefit												
Defined benefit obligation	(49.50)	(2.75)	(3.92)	(6.67)	1.77	-	-	(8.88)	2.16	(6.72)	-	**(61.12)**
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	**-**
Benefit (liability) / Assets	**(49.50)**	**(2.75)**	**(3.92)**	**(6.67)**	**1.77**	**-**	**-**	**(8.88)**	**2.16**	**(6.72)**	**-**	**(61.12)**

March 31, 2019 : Changes in defined benefit obligations and plan assets (Rs. In Crores)

		Cost charged to statement of profit and loss				Remeasurement gains/(losses) in other comprehensive income (OCI)					Contributions by employer	March 31, 2019
	April 1, 2018	Service cost	Net interest expense	Sub-total included in statement of profit and loss	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		
Gratuity												
Defined benefit obligation	(222.83)	(11.04)	(17.96)	(29.00)	20.23	-	-	(11.74)	(60.33)	(72.07)	-	(303.67)
Fair value of plan assets	222.83	-	17.96	17.96	(20.23)	(2.00)	-	-	-	(2.00)	85.11	303.67
Benefit (liability) / (Assets	-	(11.04)	-	(11.04)	-	(2.00)	-	(11.74)	(60.33)	(74.07)	85.11	**-**
Post retirement medical benefit												
Defined benefit obligation	(44.15)	(2.46)	(3.54)	(6.00)	1.05	-	-	(0.76)	0.36	(0.40)	-	(49.50)
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-
Benefit (liability) / Assets	(44.15)	(2.46)	(3.54)	(6.00)	1.05	-	-	(0.76)	0.36	(0.40)	**-**	(49.50)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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, 2020	Year ended March 31, 2019
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, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Discount rate	**6.89%**	7.94%	**6.81%**	7.92%
Future salary increase	**9% and 7% as per catagory**	7.00%	**N.A**	N.A
Medical Inflation Rate	**N.A**	N.A	**5.00%**	5.00%
Expected rate of return on plan assets	**6.89%**	7.94%	**N.A**	N.A
Employee Turnover Rate	**1.00%**	1.00%	**1.00%**	1.00%
Mortality rate during employment	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)
Mortality rate after employment	**N.A**	N.A	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)

A quantitative sensitivity analysis for significant assumption is as shown below: **(Rs. in Crores)**

Particulars		(increase) / decrease in defined benefit oblligation (Impact)			
		Gratuity		Post retirement medical benefit	
		Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Discount rate	1% increase	**(21.30)**	(18.72)	**(8.07)**	(6.26)
	1% decrease	**24.69**	21.41	**10.93**	7.88
Salary increase	1% increase	**24.41**	21.40	**N.A**	N.A
	1% decrease	**(21.46)**	(19.04)	**N.A**	N.A
Medical cost inflation	1% increase	**N.A**	N.A	**11.03**	8.04
	1% decrease	**N.A**	N.A	**(8.28)**	(6.47)
Employee turnover	1% increase	**(0.13)**	1.48	**(2.74)**	(2.25)
	1% decrease	**0.12**	(1.69)	**3.84**	2.65

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

The followings are the expected future benefit payments for the defined benefit plan : **(Rs. in Crores)**

Particulars	Gratuity		Post retirement medical benefit	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Within the next 12 months (next annual reporting period)	**33.84**	33.44	**1.80**	1.58
Between 2 and 5 years	**124.77**	122.16	**9.70**	8.74
Between 6 and 10 years	**138.80**	147.97	**18.18**	16.98
Total expected payments	**297.41**	303.57	**29.68**	27.30

Weighted average duration of defined plan obligation (based on discounted cash flows) **(Years)**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Gratuity	**10**	8
Post retirement benefit obligation	**15**	16

The followings are the expected contributions to planned assets for the next year:

(Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Gratuity	**16.14**	15.47
Post retirement medical benefit	**-**	-

NOTE: 42 Investments in Subsidiary and Associates

Name of Entity	Relationship	Place of Business	Ownership	
			March 31, 2020	March 31, 2019
Gujarat Ncode Solutions Limited	Subsidiary	India	**100.00%**	100.00%
Gujarat Green Revolution Company Limited	Associate	India	**46.87%**	46.87%

Note: Method of accounting of investments in subsidiary and associate Company is at cost.

NOTE: 43(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 Rs. 6 crore vide its Common Oral Order dated June 15, 2012.

The "Appointed Date" of the Scheme was 1st April, 2010.

Subsequent to the Order passed by the Hon'ble High Court of Gujarat, sanctioning the Scheme of Demerger, two separate applications for transfer of V-SAT and ISP Gateway Licences standing in the name of the Company to the name of Transferee Company viz. ING Satcom Limited were submitted to Department of Telecommunications (DOT) on January 31, 2013 which are still pending for approval before DOT.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

NOTE: 43(A) (Contd...)

As per the legal opinion taken by the Company from the consultant, though the Scheme has been sanctioned by the Hon'ble High Court of Gujarat and has become effective, the scheme is subject to and conditional upon the approval of the Government Authorities for transfer of Licences from the Company to ING Satcom Limited.

During the year 2014-15, an agreement-Cum-Indemnity Bond was executed on 12.04.2014 between the Company and ING Satcom Limited whereby, pending transfer of Licences, the assets of demerged business (other than Licences) have been handed over to ING Satcom Limited subject to certain terms and conditions, inter alia, including the terms of settling the transaction under different eventualities of rejection of transfer applications / non-transfer of Licences by 31.12.2014.

Since disposal of applications for transfer of Licences in the name of ING Satcom Limited by the competent authorities as well as settlement of transaction between the Company and ING Satcom Limited are still pending, no accounting treatment is given in the books of account of the Company since 2014-15 till the financial year ended 31.03.2020.

Necessary accounting treatment will be given in the books of accounts of the Company either on disposal of applications for transfer of Licences in the name of ING Satcom Limited by the competent authorities or on finalization of settlement of transaction with ING Satcom Limited. The amount received is classified under other current liabilities (refer Note 23).

NOTE: 43(B) - Demand Notice from Department of Telecommunication (DoT)

During the year, the Company has received updated Demand Notice of Rs. 16,359.21 crores from the Department of Telecommunications (DoT), Gujarat Telecom Circle, Ahmedabad, vide its letters dated February 17, 2020 (including of interest and penalty computed till March 31, 2020) towards license fee based on Adjusted Gross Rvenue(AGR) 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 amounting to Rs. 15,019.97 Crores (including of interest and penalty).

The Demand Notices have been issued by DOT in view of the Hon'ble Supreme Court of India judgement ('SC AGR Judgement') on Adjusted Gross Revenue (AGR) in the matter relating to Telecom operators (TSPs) whereby initially the Hon'ble Supreme Court concluded that income under different heads of revenue / inflow fall within the definition of AGR and thus license fee is leviable on all revenue / inflow.

Against the aforementioned Demand Notices, the Company has made representations to the Controller General of Communication Accounts ('CCA'), New Delhi, on January 06, 2020, February 21, 2020 and April 03, 2020 in which the Company has refuted the demands being an unrelated matter to the terms and conditions of the V-SAT License valid till June 19, 2020 and ISP License which was valid till August 07, 2015 and that it is not satisfied with the assessment made by DOT for raising the Demand Notices and based on the facts and submission made in the representations, the aforementioned Demand Notices should be withdrawn. The Company was also not a party to the proceedings in SC AGR judgement and neither the facts peculiar to the Company placed before the Hon'ble Supreme Court in the matter relating to definition of AGR based on which the above demand notices was issued by DOT.

Recently, 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. In pursuance of this, on June 18, 2020 DoT has filed an affidavit with Hon'ble Supreme Court in respect of demand raised on PSUs the final outcome of which is likely to happen in subsequent hearing of Hon'ble Supreme Court. As at reporting date, Company has not received any update from DoT regarding the demand.

Earlier, on February 4, 2015 also, the Controller of Communication Accounts ('CCA'), Ahmedabad had raised demand notices for V-SAT and ISP Licenses for the period FY 2009-10 to FY 2013-14 aggregating to Rs 2,752 crores (inclusive of interest and penalty) on similar basis. Being aggrieved by the above demand notice, the Company filed two petitions with Telecom Disputes Settlement and Appellate Tribunal ('TDSAT') dated March 10, 2015 challenging the demands of DoT which were admitted by TDSAT and restrained DoT from taking any coercive action for the recovery of the demand of Rs 2,752 crores vide its Order dated March 13, 2015. The said matter is still pending before TDSAT.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Based on legal assessment the Company believes that it has good grounds on merit to defend itself in the above matter. Accordingly, the Company is of the view that no provision is necessary in respect of this matter.

NOTE: 44 - Recognision of Additional fixed cost Subsidy

During the financial year 2018-19, the Company had written off unrealised subsidy balance of Rs. 127.38 crores, for past years up March 31, 2018, relating to compensation for additional fixed cost in terms of Modified NPS-III due to uncertainity to realise the claims as the same was neither acknowledged nor paid by the Department of Fertilizer (DoF) since notification in this matter on April 02,2014 and May 25, 2015. Further, the Company didn't recognised the subsidy amount of Rs. 58.12 crores (incl. Rs. 31.85 crores relating to FY 2018-19) in terms of Modified NPS-III, due to uncertainity, till the quarter ended December 31, 2019.

In view of Department of Fertilizers (DoF) notification dated March 30, 2020 removing ambiguities in modified NPS III relating to additional fixed cost, the Company has revisited its earlier stand on de-recognition of subsidy already accounted from April 01, 2014 till March 31, 2018. Accordingly, in the current year, the Company has recognised subsidy income relating to compensation for additional fixed cost in terms of Modified NPS-III amounting to Rs 191.07 Crores (of which Rs 159.23 Crores pertains to the period April 1, 2014 to March 31, 2019).

Note: 45 Segment Information

Operating Segments

The identified reportable segments are Fertilizers, Chemicals and Others in terms of the requirements of Ind AS 108 "Operating Segments" as notified under section 133 of the Companies Act, 2013. Other Segment mainly includes Information Technology division activities and neem product related activities.

Identification of Segments:

The chief operational decision maker monitors the operating results of its Business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements, Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108.

Segment revenue and results:

The expenses and income which are not directly attributable to any business segment are shown as unallocable expenditure and unallocable income.

Segment assets and liabilities:

Segment assets include all operating assets used by the operating segment and mainly consist of property, plant and equipment, trade receivables, inventory and other operating assets. Segment liabilities primarily include trade payable and other liabilities. Common assets and liabilities which cannot be allocated to any of the business segments are shown as unallocable assets / liabilities.

Inter Segment transfer:

Inter Segment revenues are recognised at sales price. The same is based on market price and business risks. Profit or loss on inter segment transfer are eliminated at the Company level.

Summary of segment information is given below:

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 45.1: Financial information about the primary business segment's Revenue & Results : **(Rs. in Crores)**

		Fertilizers		Chemicals		Others		Total	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
A	**REVENUE:**								
	External sales revenue	**2,244.30**	1,985.94	**2,835.66**	3,780.90	**82.46**	129.18	**5,162.42**	5,896.02
	Inter-segment revenue	**-**	-	**-**	-	**-**	-	**-**	-
	Total Revenue	**2,244.30**	1,985.94	**2,835.66**	3,780.90	**82.46**	129.18	**5,162.42**	5,896.02
B	**RESULT:**								
	Segment result	**215.80**	(170.44)	**166.39**	902.69	**12.42**	23.30	**394.61**	755.55
	Unallocable income							**61.47**	103.85
	Unallocable expenses							**(26.03)**	(33.65)
	Operating profit							**430.05**	825.75
	Finance costs							**(5.27)**	(6.38)
	Profit before tax							**424.78**	819.37

45.2 : Financial information about the primary business segment's assets and liabilities : **(Rs. in Crores)**

Assets & Liabilities	Fertilizers As at		Chemicals As at		Others As at		Total As at	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
Segment assets	**2,928.82**	2,638.80	**2,646.42**	2,695.17	**188.89**	215.35	**5,764.13**	5,549.32
Segment liabilities	**(1,293.51)**	(1,216.52)	**(428.14)**	(368.20)	**(133.31)**	(124.27)	**(1,854.96)**	(1,708.99)
Other unallocable corporate assets	**-**	-	**-**	-	**-**	-	**2,577.74**	1,992.28
Other unallocable corporate liabilities	**-**	-	**-**	-	**-**	-	**(1,264.41)**	(835.51)
Total capital employed	**1,635.31**	1,422.28	**2,218.28**	2,326.97	**55.58**	91.08	**5,222.50**	4,997.10
Capital assets/ expenditure incurred during the year:								
Capital assets including capital work in progress	**30.23**	63.62	**51.52**	21.18	**0.21**	1.54	**81.96**	86.34
Other unallocable capital expenditures	**-**	-	**-**	-	**-**	11.55	**31.07**	
Total	**30.23**	63.62	**51.52**	21.18	**0.21**	1.54	**93.51**	117.41

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note: 46 Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below. **(Rs. in Crores)**

Particulrs	FVTOCI Reserve		Retained Earnings		Total	
	Year Ended March 31, 2020	Year Ended March 31, 2019	Year Ended March 31, 2020	Year Ended March 31, 2019	Year Ended March 31, 2020	Year Ended March 31, 2019
Re-measurement losses on defined benefit plans (net of tax)	**-**	-	**(14.42)**	(48.45)	**(14.42)**	(48.45)
Net (loss) on FVTOCI on equty Investments (net of tax)	**(127.88)**	(13.08)	**-**	-	**(127.88)**	(13.08)
	(127.88)	(13.08)	**(14.42)**	(48.45)	**(142.30)**	(61.53)

Note 47 : Details of hedged and unhedged exposure in foreign currency denominated monetary items :

(a) Exposure in foreign currency - Hedged

(i) Amounts Payable in Foreign Currency :

Particulars	Hedged against	As at March 31, 2020			As at March 31, 2019		
		Rs. in Crores	Amount in FC		Rs. in Crores	Amount in FC	
Payables for import	Forward Contract	**122.68**	**USD**	**1,61,50,000**	0.00	USD	-
Payables for future import	Forward Contract	**37.37**	**USD**	**49,20,000**	0.00	USD	-
Payables for future import	Forward Contract	**6.15**	**Euro**	**7,31,585**	0.00	Euro	-

(b) Exposure in foreign currency - Unhedged

(i) Amounts payable in foreign currency :

Particulars	As at March 31, 2020			As at March 31, 2019		
	Rs. in Crores	Amount in FC		Rs. in Crores	Amount in FC	
Payables for import	**3.33**	**Euro**	**3,96,107**	17.81	Euro	22,71,992
Payables for import	**7.56**	**USD**	**9,95,871**	142.09	USD	2,04,56,597
Payables for import	**0.26**	**GBP**	**27,540**	0.07	GBP	7,540
Payables for import	**0.06**	**CHF**	**7,409**	0.04	CHF	5,418

(ii) Amounts receivable in foreign currency :

Particulars	As at March 31, 2020			As at March 31, 2019		
	Rs. in Crores	Amount in FC		Rs. in Crores	Amount in FC	
Receivables for export	**0.21**	**USD**	**28,600**	6.23	USD	9,13,013

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

The following significant exchange rates have been applied during the year:

INR	Year end spot rate	
	March 31, 2020	March 31, 2019
USD 1	**Import - 75.96** **Export - 74.82**	Import - 69.46 Export - 68.24
EURO 1	**84.12**	78.37
GBP 1	**93.78**	90.85
CHF 1	**79.48**	70.05

Note 48 : Financial Instruments, Fair Value Measurements, Financial Risk and Capital Management :

48.1 : Category-wise classification of financial instruments: **(Rs. in Crores)**

Particulars	Refer Note	Fair Value through other Comprehensive income	Fair Value through profit or loss	Amortised cost	Carrying Value
As at March 31, 2020					
Financial assets					
Cash and cash equivalents	13	**-**	**-**	**65.74**	**65.74**
Other bank balances	14	**-**	**-**	**123.26**	**123.26**
Investments in equity shares (other than investment in subsidiary & associate entity)	7	**594.68**	**-**	**-**	**594.68**
Investments in unquoted equity shares of subsidiary entity and associate entity	7	**-**	**-**	**1.25**	**1.25**
Trade receivables	10	**-**	**-**	**1,413.42**	**1,413.42**
Loans and advances	8	**-**	**121.08**	**165.00**	**286.08**
Derivatives instruments not designated as hedge	9	**-**	**-**	**4.59**	**4.59**
Other financial assets	9	**-**	**758.92**	**33.65**	**792.57**
Total		**594.68**	**880.00**	**1,806.91**	**3,281.59**
Financial liabilities					
Borrowings (including current maturities)	18 & 20	**-**	**-**	**858.64**	**858.64**
Trade payables	19	**-**	**-**	**513.40**	**513.40**
Lease liability	39	**-**	**-**	**1.85**	**1.85**
Other financial liabilities	20	**-**	**-**	**209.83**	**209.83**
Total		-	-	**1,583.72**	**1,583.72**
As at March 31, 2019					
Financial assets					
Cash and cash equivalents	13	-	-	164.24	164.24
Other bank balances	14	-	-	70.67	70.67
Investments in equity shares (other than investment in subsidiory and associate entity)	7	730.39	-	-	730.39
Investments in unquoted equity shares of subsidiory and associate entity	7	-	-	1.26	1.26
Trade receivables	10	-	-	1,240.19	1,240.19
Loans and advances	8	-	104.07	160.00	264.07
Other financial assets	9	-	-	34.29	34.29
Total		730.39	104.07	1,670.65	2,505.11
Financial liabilities					-
Borrowings (including current maturities)	18 & 20	-	-	207.93	207.93
Trade payables	19	-	-	394.75	394.75
Other financial liabilities	20	-	-	182.50	182.50
Total		-	-	785.18	785.18

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

48.2 : Fair value measurements :

a) Quantitative disclosures of fair value measurement hierarchy for financial assets and financial liabilities

The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities:

(Rs. in Crores)

Particulars	As at March 31, 2020				As at March 31, 2019			
	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 7)	210.77	-	-	210.77	321.51	-	-	321.51
Investment in unquoted equity investments measured at FVTOCI (refer Note 7)	-	-	383.91	383.91	-	-	408.88	408.88
Loans and advances (refer Note 8)	-	-	121.08	121.08	-	-	104.07	104.07
Derivative instruments (refer Note 9)	-	4.59	-	4.59	-	-	-	-
Total	210.77	4.59	504.99	720.35	321.51	-	512.95	834.46
Asset for which fair values are disclosed:								
Investment properties (refer Note 5)	-	-	85.21	85.21	-	-	85.25	85.25

*The fair value of the quoted equity investments are derived from quoted market prices in active market.

b) Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at March 31, 2020 and March 31, 2019 are as shown below:

Particulars	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
FVTOCI assets in unquoted equity shares (Gujarat State Petroleum Corporation Limited)	Discounted free cash flow method	Gas marketing business	10% increase /decrease in the Gas marketing business would result in increase / (decrease) in fair value as of March 31, 2020 : Rs. 1.56 crore (Rs. 1.56 crore). {10% increase /decrease in the Gas marketing business would result in increase / (decrease) in fair value as of March 31, 2019 : Rs. 6.69 crore (Rs. 6.69 crore).}	
FVTOCI assets in unquoted equity shares (Gujarat Chemical Port Limited) (Formarly known as Gujarat Chemical Port Terminal Company Limited)	Market Approach - Comparable companies	Market Multiple Discount	31 March 2020 : 15% - 25% (20%) 31 March 2019 : 15% - 25% (20%)	5% increase / decrease in the market multiple discount would result in decrease / (increase) in fair value as of March 31, 2020 : Rs. 19.87 crore (Rs. 19.87 crore) {5% increase/ decrease in the market multiple discount would result in decrease / (increase) in fair value as of March 31, 2019 : Rs. 20.97 crore (Rs. 21.16 crore)}
		EBITDA (Rs. Crores)	31 March 2020 : Rs 315.20 crores - Rs. 348.36 crores (Rs.331.78 crores) 31 March 2019 : Rs 252.65 crores - Rs. 279.24 crores (Rs.265.95 crores)	Rs. 16.58 crore increase / decrease in the EBITDA would result in increase / (decrease) in fair value as of March 31, 2020 : Rs. 15.82 crore (Rs. 15.82 crore) {Rs. 13.30 crore increase / decrease in the EBITDA would result in increase / (decrease) in fair value as of March 31, 2019 : Rs. 16.92 crore (Rs. 16.74 crore)}

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
FVTOCI assets in unquoted equity shares (Bhavnagar Energy Company Limited)	As a consequences of merger of Bhavnagar Energy Company Limited (BECL) into Gujarat State Electricity Corporation Ltd (GSECL) vide Government of Gujarat notification dated August 27, 2018, the company has received one equity share of GSECL against the total number of shares held by it in BECL and thus Company doesn not hold any share of BECL as on March 31, 2020. As of March 31, 2019 Company had fair valued this investment to Zero value.			
FVTOCI assets in unquoted equity shares (Gujarat Venture Finance Limited)	Cost Approach - Net asset value	Share holders fund (Rs. Crores)	31 March 2020 : Rs 17.70 crores - Rs. 19.70 crores (Rs. 18.70 crores) 31 March 2019 : Rs 19.50 crores - Rs. 21.50 crores (Rs. 20.50 crores)	Rs. 1 crore increase / decrease in the shareholders fund would result in increase / (decrease) in fair value as of March 31, 2020 by Rs. 0.02 crore (Rs. 0.02 crore) {Rs. 1 crore increase / decrease in the shareholders fund would result in increase / (decrease) in fair value as of March 31, 2019 by Rs. 0.01 crore (Rs. 0.01 crore)}
		Discount to Book Value	31 March 2020 : 15% - 25% (20%) 31 March 2019 : 15% - 25% (20%)	5% increase / decrease in the discount to book value would result in decrease / (increase) in fair value as of March 31, 2020 : Rs. 0.02 crore (Rs. 0.02 crore). {as of March 31, 2019 : Rs. 0.02 crore (Rs. 0.02 crore)}
FVTOCI assets in unquoted equity shares (Bharuch Enviro Infrastructure Limited)	Market Approach - Comparable companies	Market Multiple Discount	31 March 2020 : 15% - 25% (20%) 31 March 2019 : 15% - 25% (20%)	5% increase / decrease in the market multiple discount would result in decrease / (increase) in fair value as of March 31, 2020 : Rs. 0.28 crore (Rs. 0.28 crore) {5% increase / decrease in the market multiple discount would result in decrease / (increase) in fair value as of March 31, 2019 : Rs. 0.28 crore (Rs. 0.28 crore)}
		Consolidated PAT (Rs. Crores)	31 March 2020 : Rs 37.90 crores - Rs. 41.90 crores (Rs. 39.90 crores) 31 March 2019 : Rs 26.20 crores - Rs. 28.90 crores (Rs. 27.60 crores)	Rs. 2 crore increase / decrease in the consolidated PAT would result in increase / (decrease) in fair value as of March 31, 2020 : Rs. 0.23 crore (Rs. 0.23 crore). {Rs. 1.40 crore increase / decrease in the consolidated PAT would result in increase / (decrease) in fair value as of March 31, 2019 : Rs. 0.23 crore (Rs. 0.23 crore)}
FVTOCI assets in unquoted equity shares (Bharuch Dahej Railway Company Limited)	For March 31, 2020 - Net asset Value approach For March 31.2019 - Market Approach - Comparable companies	Market Multiple Discount	31 March 2020 : NA 31 March 2019 : 10% -20% (15%)	As of March 31, 2020 this unobservable input is not used for valuation. {5% increase / decrease in the market multiple discount would result in decrease / (increase) in fair value as of March 31, 2019 : Rs. 1.46 crore (Rs. 1.37 crore)}
		Discount to Book Value	31 March 2020 : 20% - 30% (25%) 31 March 2019 : N.A	5% increase / decrease in the discount to book value would result in decrease / (increase) in fair value as of March 31, 2020 : Rs. 0.57 crore (Rs. 0.57 crore) {As of March 31, 2019 this unobservable input is not used for valuation}
		EBITDA (Rs. Crores)	31 March 2020 :N.A 31 March 2019 : Rs 25.20 crores - Rs. 27.90 crores (Rs.26.50 crores)	As of March 31, 2020 this unobservable input is not used for valuation. {Rs. 1.30 crore increase / decrease in the EBITDA would result in increase / (decrease) in fair value as of March 31, 2019 : Rs. 1.15 crore (Rs. 1.24 crore)}

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
		Share holders fund (Rs. Crores)	31 March 2020 : Rs 124.20 crores - Rs. 137.40 crores (Rs. 130.80 crores) 31 March 2019 : N.A	Rs. 6.60 crore increase / decrease in the shareholders fund would result in increase/decrease in fair value as of March 31, 2020 by Rs. 0.76 crore (Rs. 0.76 crore). {As of March 31, 2019 this unobservable input was not used for valuation}
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 JV has applied for bankruptcy hence the Company has Fair valued the investment as Rs. 1. (Refer Note 7) (As on March 31, 2019 company has valued such investment at face value following the cost approach.)			
FVTOCI assets in unquoted equity shares (Gujarat State Electricity Corporation Limited)	As a consequances of merger of Bhavnagar Energy Company Limited (BECL) into Gujarat State Electricity Corporation Ltd (GSECL) vide Government of Gujarat notification dated August 27, 2018, the company has received one equity share of GSECL against the total number of shares held by it in BECL and thus Company had valued such investment in GSECL as at March 31, 2020 at the face value of one share in GSECL (i.e. Rs. 10).			

c) Financial Instrument measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

48.3 : Financial Risk objective and policies:

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans & advances, deposits, investments, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds FVTOCI investments and enters into derivative transactions.

In the ordinary course of business, the Company is mainly exposed to risks resulting from exchange rate fluctuation (currency risk), interest rate movements (interest rate risk) collectively referred as Market Risk, Credit Risk, Liquidity Risk and other price risks such as equity price risk 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 risk. These derivative instruments reduce the impact of both favourable and unfavourable fluctuations.

The Company's risk management activities are subject to the management, direction and control of the management of the Company under the guideline of the Board of Directors of the Company. The management ensures appropriate financial risk governance framework for the Company through appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The decision of whether and when to execute derivative financial instruments along with its tenure can vary from period to period depending on market conditions and the relative costs of the instruments. The tenure is linked to the timing of the underlying exposure, with the connection between the two being regularly monitored. The Company is exposed to losses in the event of non-performance by the counterparties to the derivative contracts. All derivative contracts are executed with counterparties that, in management's judgment, are creditworthy. The outstanding derivatives are reviewed periodically to ensure that there is no inappropriate concentration of outstanding to any particular counterparty.

Further, all currency and interest risk as identified above is measured on a daily basis by monitoring the mark to market (MTM) of open and hedged position. For year ends, the MTM for each derivative instrument outstanding is obtained from respective banks. All gain / loss arising from MTM for open derivative contracts and gain / loss on settlement / cancellation / roll over of derivative contracts is recorded in statement of profit and loss.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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, 2020 and March 31, 2019.

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, 2020. 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, 2020 and March 31, 2019.

(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. During the previous year, the Company had repaid its long-term borrowings.

(ii) Foreign currency risk

Exchange rate movements, particularly the United States Dollar (USD) and Euro (EUR) against Indian Rupee (INR), have an impact on the Company's operating results. The Company manages its foreign currency risk by entering into 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 exchange and the details of unhedged exposures are given as part of Note 47.

The Company is mainly exposed to changes in USD and EURO. The below table demonstrates the sensitivity to a 5% increase or decrease in the respective foreign currency rates against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Company as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate.

(Rs. in Crores)

Particulars	Impact on Profit before tax		Impact on Pre-tax Equity	
	For the year ended		For the year ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
USD Sensitivity				
RUPEES / USD – Increase by 5%	**(0.37)**	(6.79)	**(0.37)**	(6.79)
RUPEES / USD – Decrease by 5%	**0.37**	6.79	**0.37**	6.79
EURO Sensitivity				
RUPEES / EURO – Increase by 5%	**(0.17)**	(0.89)	**(0.17)**	(0.89)
RUPEES / EURO – Decrease by 5%	**0.17**	0.89	**0.17**	0.89

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(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, and Denatured Ethyl Alcohol) which are imported by the Company and used in the manufacturing of Ammonium Nitro Phosphate and Ethyl Acetate. The import prices of these materials are governed by international demand and supply pattern. There is a price and material availability risk, which is managed by senior management team through sensitivity analysis, commodity price tracking.

(iv) Equity price risk

The Company's 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 Rs. 383.91 crore. Sensitivity analyses of these investments have been provided in Note 48.2(b). At the reporting date, the exposure to listed equity securities at fair value was Rs. 210.77 crore. A decrease of 5% on the BSE market price could have an impact of approximately Rs. 10.54 crore on the OCI or equity attributable to the Group. An increase of 5% in the value of the listed securities would also impact OCI and equity. These changes would not have an effect on profit or loss.

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and other financial assets) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive evaluation and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data.

Credit risk from balances with banks 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 minimise 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 uncertainities 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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 Rs.14.37 cores and Rs.8.96 crores as at 31st March, 2020 and 31st March, 2019 respectively. (Refer Note No. 10 for Trade Receivables outstanding).

The Company follows a 'simplified approach' (i.e. based on lifetime ECL) for recognition of impairment loss allowance on Trade receivables, other than those receivables from the Government of India. For the purpose of measuring lifetime ECL allowance for trade receivables, the company estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience in respect of certain categories of the customers. Individual trade receivables are written off when management deems them not to be collectible.

c) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and bank balances. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analyses derivative and non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(Rs. in Crores)

Particulars	Refer Note	On Demand	Less than 1 year	1 to 5 years	Over 5 years	Total
As at March 31, 2020						
Borrowings (including current maturities)	**18 & 20**	**475.66**	**382.98**	**-**	**-**	**858.64**
Trade payables	**19**	**-**	**513.40**	**-**	**-**	**513.40**
Lease liability	**39**	**-**	**1.18**	**0.65**	**0.02**	**1.85**
Other financial liabilities	**20**	**-**	**209.83**	**-**	**-**	**209.83**
Total		**475.66**	**1,107.39**	**0.65**	**0.02**	**1,583.72**
As at March 31, 2019						
Borrowings (including current maturities)	18 & 20	55.01	152.92	-	-	207.93
Trade payables	19	-	394.75	-	-	394.75
Other financial liabilities	20	-	182.50	-	-	182.50
Total		55.01	730.17	-	-	785.18

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

48.4 : Capital Management:

For the purposes of the Company's capital management, capital includes issued capital and all other equity. The primary objective of the Company's capital management is to maximize shareholder value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Company monitors capital using gearing ratio, which is net debt (total debt less cash and bank balance) divided by total capital plus net debt.

(Rs. in Crores)

Particulars	March 31, 2020	March 31, 2019
Total Borrowings (refer note 18 and 20)	**858.64**	207.93
Less: Cash and bank balances (refer Note 13 and 14)	**189.00**	234.91
Net Debt (A)	**669.64**	(26.98)
Total Equity (B)	**5,222.50**	4,997.10
Total Equity and Net Debt (C = A + B)	**5,892.14**	4,970.12
Gearing ratio	**11%**	-

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period. No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

Note 49 : Impairment Assesment

One of the key industrial products i.e. Toluene Di Isocyanate (TDI) has witnessed very sharp price erosion since mid of financial year 2018-19 and has continued its downward spiral till March 31, 2020 and still is yet to recover. Since the Company has made heavy investments in TDI-II facilities at Dahej, it has in pursuance of "Indian Accounting Standard (Ind AS - 36) - Impairment of Assets" carried out impairment assessment of its TDI Dahej plant. The recoverable amount of the relevant assets has been determined on the basis of their value in use. In estimating the future cash flows, management has based on externally available information, made certain assumptions relating to the future raw material prices, future TDI prices, operating parameters and the assets useful life which management believes reasonably reflects the future expectation of these items. The Company has also carried out sensitivity analysis of the assumptions used while estimating the future cash flow to derive the value in use. Accordingly the management has concluded that no impairment is required to be recognised in respect of the TDI Dahej Plant during the year ended March 31, 2020. However the assumptions on which the assessment was made are being monitored on a periodic basis by the management.

Note 50 : Impact of COVID-19

The outbreak of Coronavirus (COVID -19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. In India, the nation-wide lockdown was announced from March 25, 2020 due to COVID-19 pandemic. The lockdown has impacted the demand for the Company's products & services especially, the industrial products. The demand in overseas market is also severely impacted due to COVID-19. For the year ended March 31, 2020, the Company's operations were scaled down by the management in the last week of March, 2020 given the demand scenario in the market. The Company was quick in restoring the operations ensuring health, safety and well-being of its employees in the given scenario and COVID-19 has not impacted the Company's operations for the year ended March 31, 2020.

Further, the Company has also assessed the impact of this pandemic on recoverability of the carrying amount of inventories, tangible assets, intangible assets, trade receivables, investments and other financial asset as at balance sheet date using various internal and external information. The management has also performed sensitivity analysis on the assumptions used

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

and based on present estimates it believes that the carrying amount is considered to be recoverable and accordingly no further adjustments are required in the financial statements. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and the Company continues to monitor the changes in future economic conditions. Further the Company has zero long term debt outstanding as at March 31, 2020 and has substantial working capital lines which are available, should the need arise.

The management does not see any risk in the ability to continue as a going concern and meeting its liabilities as and when they fall due. However the actual impact of COVID-19 on the Company's financial statements may differ from that estimated.

Note 51 : 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 July 10, 2020, there were no material subsequent events to be recognized or reported that are not already previously disclosed.

For and on behalf of the Board of Directors,

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

Place : Bharuch
Date : July 10, 2020

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

per Ravi Bansal
Partner
Membership Number: 049365

Place : Mumbai
Date : July 10, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Gujarat Narmada Valley Fertilizers & Chemicals Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Gujarat Narmada Valley Fertilizers & Chemicals Limited (hereinafter referred to as the "Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as the "Group") and its associates comprising of the consolidated Balance sheet as at March 31 2020, the consolidated Statement of Profit and Loss, including Other Comprehensive Income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statement and on the other financial information of a subsidiary and based on unaudited financial statement, other unaudited financial information furnished by the management of an associate, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at March 31, 2020, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter – DOT Demand Notice

We draw attention to Note 43 to the consolidated Ind AS financial statements regarding a matter relating to demand of Rs. 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, as explained in detail in the said Note. Based on the legal opinion taken by the Company in the matter and pending outcome of the Company's representation to DOT and based on the Company's assessment of this demand, the Company is of the view that no provision is necessary in respect of this matter. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of our audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

<table>
<tr><th>KEY AUDIT MATTERS</th><th>HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER</th></tr>
<tr><td colspan="2">Recognition/de-recognition and measurement of Urea Subsidy Income</td></tr>
<tr><td>
The Urea Subsidy Income is recognized and measured in accordance with notification/ circular/ policies issued by the Department of Fertilizers, Government of India.
During the year ended March 31, 2020, the Company has recognized Urea Subsidy Income of Rs 1,362.58 Crores (including Rs. 159.23 Crores pertaining to earlier years towards fixed cost subsidy as disclosed in notes to financial statements) and has outstanding Urea subsidy receivables of Rs 1,093.86 Crores (including Rs 77.69 Crores outstanding for more than one year as at March 31, 2020).
The measurement of Urea subsidy Income involves application of relevant regulatory pronouncements and notifications, understanding of applicable energy norms, and estimation / judgement including adjustment at each reporting date in respect of escalation / de-escalation in the prices of inputs, etc. The recognised subsidy income may deviate on account of revision / changes in such interpretation, estimates and judgements.
Accordingly, recognition and measurement of subsidy income is determined to be a key audit matter for our audit of Consolidated Ind AS financial statements.
</td><td>
Our audit procedures included the following:

We assessed the Company's revenue recognition policy for Urea Subsidy Income.
We understood, evaluated and tested, on a sample basis, the design and operating effectiveness of key internal controls over recognition and measurement of Urea Subsidy Income.
We reviewed the relevant regulatory pronouncement in respect of Urea subsidy income and verified, on a sample basis, the claims filed by the Company along-with underlying accounting evidences in respect of such income.
We tested calculations for Urea Subsidy Income and reviewed estimates for escalation / de-escalation by comparing with actual production cost relevant for measurement of subsidy amount.
We reviewed follow-ups made by the Company with the Department of Fertilizers, Government of India and management assessment of recoverability of aged balances.
We tested the collections made during the year as well as subsequent period against such subsidy income recognized by the Company.
We assessed the appropriateness of disclosures in the Consolidated Ind AS financial statements in respect of Urea Subsidy Income.

</td></tr>
<tr><td colspan="2">Impairment assessment of Property, plant and equipment used for production of Toluene di-isocyanate (TDI) (as described in Note 49 of the Consolidated Ind AS financial statements)</td></tr>
<tr><td>
During the year ended March 31, 2020, the Company has witnessed significant decline in the operating profit margins of Toluene di-isocyanate (TDI) which has affected the financial performance of the Company's chemical segment. These are considered as indicators for impairment by the management for TDI II, Dahej Plant, which is determined to a separate cash generating unit (CGU) for impairment assessment.
As at March 31, 2020, the gross and the net carrying values of the property, plant and equipment at TDI II, Dahej Plant is Rs 2,265 Crores and Rs 1,587 Crores, respectively.
Management has calculated the recoverable amount for the aforesaid CGU by determining its value in use from the future free cash flows prepared by the management.
</td><td>
Our audit procedures included the following:

We assessed the assumptions made by the management with regard to identification of the Property, plant and equipment used in production of TDI as a separate cash generated unit (identified CGU).
We involved our valuation specialists and evaluated the management's assumptions and estimates used for determining the recoverable amount of the identified CGU, including those relating to long-term growth rates, margins and discount rates.
We reviewed the calculations for the cash flows and agreed relevant data to the budgets and latest forecast provided by the management.

</td></tr>
</table>

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Significant management estimates and judgements are involved in determining value in use, including key assumptions such as discount rate, product price realisation over a foreseeable future, demand of product and other cost factors. Accordingly, this is determined to be a key audit matter for our audit of Consolidated Ind AS financial statements.	• We reviewed the sensitivity analysis for key assumptions, with focus on the growth rate, margins and discount rate used in the impairment calculations. • We assessed the appropriateness of the disclosure included in Note 49 of the Consolidated Ind AS financial statements.
Valuation of Inventories, including Stores & Spares	
The Company has total inventory of Rs 932.35 Crores which comprises of raw material inventory Rs 191.99 Crores, WIP inventory Rs 84.90 Crores, finished goods inventory Rs 133.62 crores, trading inventory Rs 2.28 crores and stores and spares inventory (including coal) Rs 519.56 crores (net of provision for inventory obsolescence as at March 31, 2020. The Company has stores and spares inventory of Rs 399.85 Crores (excluding coal inventory of Rs 122.20 Crores) as at March 31, 2020. The Company has created a provision of Rs 2.50 Crores against inventory of stores and spares based on evaluation of its usability. The stores and spares inventory have many aged items as well however the management's internal assessment represents the usability of these items in future years and that the value of such items does not require any further impairment / provision to be made as at March 31, 2020. Accordingly, appropriateness of the estimates used to identify the valuation of inventories, including stores and spares is determined to be a key audit matter for our audit of Consolidated Ind AS financial statements.	Our audit procedures included the following: • We reviewed the management policy for physical verification and the documents related to management's and independent consultant's physical count procedure actually followed during the year. • We understood the management process for assessment of value in use/ net realisable value of inventory and making provision for obsolete inventory, including performing process through third party involvement for the effectiveness of the same. • We reviewed the management's judgement applied in estimating the value of inventory obsolescence for stores & spares, taking into consideration management assessment of the present and future condition of the inventory. • We performed substantive audit procedures that included review of working prepared by the management for valuation of inventories and observed that appropriate allocation of fixed cost and variable cost is done in respect of Finished Goods and Work in Progress which is in lines with prevailing accounting standards. • We have performed Physical verification of inventories as at subsequent date on account of Covid -19 lockdown restrictions during year end and have reviewed necessary roll back procedures. Our procedures did not identify any material exceptions.

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the matters states in section 134(5) of the Act with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended including the Companies (Indian Accounting Standards) Amendment Rules, 2019. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020 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

(a) We did not audit the financial statements and other financial information, in respect of the subsidiary, whose Ind AS financial statements include total assets of Rs. Nil as at March 31, 2020 and net assets of Rs. Nil, and total revenues of Rs. Nil and net cash inflows of Rs. Nil for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditors.

(b) The consolidated Ind AS financial statements also include the Group's share of net profit of Rs. 9.11 crores for the year ended March 31, 2020, as considered in the consolidated Ind AS financial statements, in respect of associate, whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of such 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 such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiary, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept by the Company so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS 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, 2019;

(e) On the basis of the written representations received from the directors of the Holding Company and its associate as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor who is appointed under Section 139 of the Act, in respect of its subsidiary company, none of the directors of the Group's companies and its associate company incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company to their directors in accordance with the provisions of section 197 read with Schedule V to the Act. Based on the consideration of report of other statutory auditor of the subsidiary incorporated in India, the provisions of section 197 read with Schedule V of the Act are not applicable to its subsidiary incorporated in India and hence reporting under clause 3(xi) are not applicable and hence not commented upon.;

(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 the report of the other auditors on separate financial statements as also the other financial information of the subsidiary as noted in the 'Other matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated Ind AS financial statements – Refer Note 36 to the consolidated Ind AS financial statements.;

ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. Based on the consideration of report of other auditor on separate financial statements as also the other financial information of the subsidiary incorporated in India, there were no amounts which were required to be transferred to the Investor Education and Protection Fund during the year ended March 31, 2020.

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

per Ravi Bansal
Partner
Membership Number: 049365
UDIN: 20049365AAAABV5849

Place of Signature: Mumbai
Date: July 10, 2020

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED

We have audited the internal financial controls over financial reporting of the Gujarat Narmada Valley Fertilizers & Chemicals Limited (hereinafter referred to as the "Holding Company" and its subsidiary company, which is incorporated in India, as of March 31, 2020 in conjunction with our audit of the consolidated Ind AS financial statements of the Holding Company as of and for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements

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

Opinion

In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, maintained adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company, insofar as it relates to the subsidiary company incorporated in India, is based on the corresponding report of the auditors of such subsidiary incorporated in India.

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

per Ravi Bansal
Partner
Membership Number: 049365
UDIN: 20049365AAAABV5849

Place of Signature: Mumbai
Date: July 10, 2020

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020

(Rs. in Crores)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	4	**3,768.07**	3,915.70
(b) Capital work-in-progress	4	**81.90**	25.36
(c) Investment property	5	**18.13**	18.55
(d) Right of use asset	39	**1.78**	-
(e) Intangible assets	6	**22.48**	24.66
(f) Financial assets			
(i) Investments	7	**672.72**	799.32
(ii) Loans and advances	8	**102.22**	247.37
(iii) Other financial assets	9	**14.34**	11.46
(g) Income tax assets (net)	25	**11.47**	23.16
(h) Other non-current assets	11	**77.39**	55.78
		4,770.50	5,121.36
II. Current assets			
(a) Inventories	12	**932.35**	829.03
(b) Financial assets			
(i) Trade receivables	10	**1,413.42**	1,240.19
(ii) Cash and cash equivalents	13	**65.74**	164.25
(iii) Other bank balances	14	**123.26**	70.67
(iv) Loans and advances	8	**183.86**	16.70
(v) Other financial assets	9	**782.82**	22.83
(c) Other current assets	15	**146.71**	144.21
		3,648.16	2,487.88
Total Assets		**8,418.66**	7,609.24
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	16	**155.42**	155.42
(b) Other equity	17	**5,143.87**	4,909.31
		5,299.29	5,064.73
Liabilities			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	39	**0.67**	-
(b) Provisions	21	**243.19**	235.90
(c) Deferred tax liabilities (net)	25	**316.08**	466.68
(d) Government grants (deferred income)	22	**759.16**	819.82
		1,319.10	1,522.40
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	**858.64**	207.93
(ii) Lease liabilities	39	**1.18**	-
(iii) Trade payables:	19		
(A) total outstanding dues of micro and small enterprises		**32.56**	31.36
(B) total outstanding dues of creditors other than micro and small enterprises		**480.84**	363.39
(iv) Other financial liabilities	20	**209.83**	182.50
(b) Other current liabilities	23	**68.30**	84.75
(c) Provisions	24	**62.28**	63.73
(d) Government grants (deferred income)	22	**62.50**	65.65
(e) Current tax liabilities (net)	25	**24.14**	22.80
		1,800.27	1,022.11
Total Equity and Liabilities		**8,418.66**	7,609.24

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

For and on behalf of the Board of Directors,

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

Place : Bharuch
Date : July 10, 2020

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

Place : Mumbai
Date : July 10, 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in Crores)

Particulars	Notes	Year Ended March 31, 2020	Year Ended March 31, 2019
Income			
Revenue from operations	26	**5,162.42**	5,896.02
Other income	27	**152.67**	220.54
Total		**5,315.09**	6,116.56
Expenses			
Cost of raw materials consumed	28	**2,733.89**	2,848.11
Purchase of traded goods	29A	**16.11**	17.22
Purchase of goods and services - IT division	29B	**26.93**	44.53
(Increase) in inventories of finished goods, work-in-progress and traded goods	30	**(39.17)**	(49.24)
Power, fuel and other utilities		**829.30**	890.27
Employee benefits expense	31	**513.30**	523.63
Finance costs	32	**5.27**	6.38
Depreciation and amortisation expense	33	**264.33**	262.95
Other expenses	34	**540.30**	753.35
Total		**4,890.26**	5,297.20
Profit before tax		**424.83**	819.36
Tax expense			
Current tax	25	**75.51**	244.32
Excess tax provision write back of earlier years	25	**(10.64)**	(133.86)
Deferred tax	25	**(138.94)**	(32.26)
Total tax expense		**(74.07)**	78.20
Profit for the year		**498.90**	741.16
Share in Loss of Associate		**9.11**	8.58
Profit for the year	**(A)**	**508.01**	749.74
Other comprehensive income / (expense)			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement (losses) on defined benefit plans		**(17.47)**	(74.47)
Income tax effect credit	25	**3.05**	26.02
Net (loss) on FVTOCI equity investments		**(135.70)**	(6.35)
Income tax effect credit / (charge)	25	**7.82**	(6.73)
Net other comprehensive (expense) not to be reclassified to profit or loss in subsequent periods		**(142.30)**	(61.53)
Total other comprehensive (expense) for the year, net of tax	**(B)**	**(142.30)**	(61.53)
Total comprehensive income for the year, net of tax	**(A)+(B)**	**365.71**	688.21
Earnings per Share - (Face value of Rs. 10 each)Basic and Diluted (in Rs.)	35	**32.69**	48.24

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

For and on behalf of the Board of Directors,

D. V. Parikh
General Manager & CFO

A. C. Shah
Company Secretary

M S Dagur
Managing Director

Shri Anil Mukim, IAS
Chairman

Place : Bharuch
Date : July 10, 2020

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

Place : Mumbai
Date : July 10, 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

(A) Equity share capital **(Rs. in Crores)**

Particulars	Notes	Amount
Balance as at April 01, 2018		**155.42**
Changes in equity share capital	16	-
Balance as at March 31, 2019		**155.42**
Changes in equity share capital	16	-
Balance as at March 31, 2020		**155.42**

(B) Other equity **(Rs. in Crores)**

Particulars	Reserves and surplus				Other Comprehensive Income FVTOCI reserve	Total
	Capital reserve	Securities premium	General reserve	Retained earnings		
	Note 17.1	Note 17.1	Note 17.1	Note 17.1	Note 17.2	
Balance as at April 01, 2018	**0.64**	**313.31**	**2,304.76**	**1,248.52**	**494.39**	**4,361.62**
Profit for the year	-	-	-	749.74	-	749.74
Other comprehensive (expense) for the year	-	-	-	(48.45)	(13.08)	(61.53)
Total comprehensive income for the year	-	-	-	701.29	(13.08)	688.21
Dividend paid during the year (refer Note 17.3)	-	-	-	(116.56)	-	(116.56)
Dividend distribution tax (refer Note 17.3)	-	-	-	(23.96)	-	(23.96)
Transfer from retained earnings	-	-	175.00	(175.00)	-	-
Balance as at March 31, 2019	**0.64**	**313.31**	**2,479.76**	**1,634.29**	**481.31**	**4,909.31**
Profit for the year	-	-	-	508.01	-	508.01
Other comprehensive (expense) for the year	-	-	-	(14.42)	(127.88)	(142.30)
Total comprehensive income for the year	-	-	-	493.59	(127.88)	**365.71**
Dividend paid during the year (refer Note 17.3)	-	-	-	(108.79)	-	(108.79)
Dividend distribution tax (refer Note 17.3)	-	-	-	(22.36)	-	(22.36)
Balance as at March 31, 2020	**0.64**	**313.31**	**2,479.76**	**1,996.73**	**353.43**	**5,143.87**

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

For and on behalf of the Board of Directors,

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

AS PER OUR REPORT OF EVEN DATE

Place : Bharuch
Date : July 10, 2020

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

Place : Mumbai
Date : July 10, 2020

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in Crores)

Particulars	March 31, 2020	March 31, 2019
Cash flow from operating activities		
Profit before tax as per statement of profit and loss	**424.83**	819.36
Adjustments for:		
Impairment - capital work in progress	**4.68**	2.93
Loss on sale / discard of property, plant and equipment (net)	**0.15**	5.69
Gain on Lease modification/ termination	**(0.01)**	-
Depreciation and amortization	**264.33**	262.95
Interest expense on employee loan fair valuation	**(2.13)**	-
Interest income	**(45.05)**	(49.54)
Dividend income	**(4.76)**	(7.05)
Amortization of grant income	**(65.55)**	(60.65)
Unclaimed loans / liabilities / excess provision for doubtful debt written back	**(3.75)**	(37.92)
Gain (adjustment) on decapitalisation of property, plant and equipment	**(0.10)**	(8.40)
Unrealised foreign exchange fluctuation (gain)	**(0.65)**	(6.16)
Finance costs	**3.25**	3.21
Premium on forward contracts	**0.42**	0.73
Provision for energy savings certificates	**-**	1.60
Provision for Inventory obsolescence	**2.49**	-
Contingencies cost	**-**	3.04
Expected loss of provident fund trust	**-**	10.25
Unrealised subsidy balances / bad debts written off (refer note 44)	**0.28**	127.59
Provision for doubtful debts / advances (net)	**8.44**	0.21
Operating profit before working capital changes	**586.87**	1,067.84
Movements in working capital :		
(Increase) in trade receivables	**(176.78)**	(243.84)
(Increase) in inventories	**(191.13)**	(148.39)
Decrease in financial assets	**0.48**	22.87
(Increase) / decrease in loans and advances and other assets	**(18.43)**	71.97
(Decrease) / increase in provision	**(11.63)**	70.44
Increase / (decrease) in trade payables and other liabilities	**101.63**	(143.47)
Increase in financial liabilities	**42.82**	112.52
Cash generated from operations	**333.83**	809.94
Income taxes paid (net)	**(48.10)**	(108.79)
Net cash flow generated from operating activities (A)	**285.73**	701.15
Cash flows from investing activities		
Payment for Purchase of property, plant & equipment (Including capital work In progress and capital advances)	**(131.30)**	(130.99)
Proceeds from sale / concession received of property, plant and equipment (refer Note 4)	**0.99**	33.24
Purchase of investments	**-**	(12.00)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in Crores)

Particulars	March 31, 2020	March 31, 2019
Advances for Purchase of investment (refer Note 9)	**(758.92)**	-
(Increase) in deposits with corporates (net)	**(5.00)**	(160.00)
Change in other bank balances (net)	**(52.59)**	(60.66)
Interest received	**38.39**	15.85
Dividend received	**7.52**	4.29
Net cash flow (used in) investing activities (B)	**(900.91)**	(310.27)
Cash flows from financing activities		
Proceeds from short term borrowings	**862.56**	688.45
Repayment of short term borrowings	**(182.51)**	(658.77)
Repayment of long-term borrowings	-	(72.11)
Interest paid	**(3.02)**	(3.20)
Dividend Paid (Including dividend distribution tax)	**(130.59)**	(138.57)
Premium on forward contracts	**(0.42)**	(0.73)
Net cash generated from / (used in) financing activities (C)	**546.02**	(184.93)
Net (decrease) / increase in cash and cash equivalents (A + B + C)	**(69.16)**	205.95
Cash and cash equivalents at the beginning of the year	**109.24**	(96.71)
Cash and cash equivalents at the end of the year	**40.08**	109.24
Notes:		
Component of Cash and Cash equivalents		
- Cash on hand	**-**	0.24
- Debit balance in cash credit accounts	**0.82**	8.38
- Balances with bank on current accounts	**5.60**	3.63
- Deposit with original maturity of Less than three months	**59.32**	152.00
Total (refer Note 13)	**65.74**	164.25
Less: Cash credit and overdraft accounts (refer Note 18)	**25.66**	55.01
Total cash and cash equivalents	**40.08**	109.24

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

(1) The Cash flow statement has been prepared under the indirect method as set out in the "Indian Accounting Standard (Ind AS) 7 - Statement of Cash Flows" issued by the Institute of Chartered Accountants of India.

(2) Disclosure under Para 44A as set out in Ind AS 7 "Statement of Cash flows" under Companies (Indian Accounting Standards) Rules, 2017 (as amended) is given as per Note 13.

For and on behalf of the Board of Directors,

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

AS PER OUR REPORT OF EVEN DATE

Place : Bharuch
Date : July 10, 2020

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

Place : Mumbai
Date : July 10, 2020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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, 2020. 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 July 10, 2020.

2 Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) including the Companies (Indian Accounting Standards) Amendment Rules, 2019.

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).

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:

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at March 31, 2020.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of subsidiary used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31, 2020

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, 2020

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 Group presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle; or
- Held primarily for the purpose of trading; or
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

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

c) Foreign currency transactions

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

d) Transactions and balances

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

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

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception that the Exchange differences arising on long-term foreign currency monetary items related to acquisition of a Property, Plant and Equipment (including funds used for projects work in progress) recognized in the Indian GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period i.e. March 31, 2016 are capitalized / decapitalized to cost of Property, Plant and Equipment and depreciated over the remaining useful life of the 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 on selling of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that 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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the 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

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- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

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

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

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

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

f) Revenue 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 Group expects to be entitled in exchange for those goods or services. The Group 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 Group 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 Group 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,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

warranties etc.) based on materiality of such obligation. In determining the transaction price for the sale of goods, the Group considers the effect of variable consideration and consideration payable to the customer (if any).

Installation, as applicable, is integral part of delivery of goods. The Group 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 Group does not control the product. Instead, it provides custodial services to the customer over the customer's asset.

The Group 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 Group 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 Group recognises the subsidy based on the 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 Group recognises the subsidy based on the 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 Group expects to be entitled in exchange for those services.

Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. Interest income is included in other income in the statement of profit or loss.

Dividends

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

Insurance claims

Claims receivable on account of insurance are accounted for to the extent no significant uncertainty exist for the measurement and realisation of the amount.

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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 Group 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 Group'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 Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group 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 Group performs under the contract.

h) Taxes

Tax expense comprises of current income tax and deferred tax.

Current income tax

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

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Deferred tax assets and liabilities are offset if and only if there is a legally enforceable right to offset corresponding current tax assets against current tax liabilities and when the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Group. Current tax assets and current tax liabilities are offset where the entity has a legally enforceable right to offset the recognized amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

i) Property, plant and equipment

Measurement at recognition

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses, if any.

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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 Group 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 Group 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 Group 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 Group 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 catagories of property, plant & equipments are different from those prescribed under Part C of Schedule II of the Companies Act, 2013 based on management estimates. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be use. Category wise details are as under:

Sr No	Category	Useful life in years
1.	Plant and equipment (including capital spares)	Ranging from 1 to 40 years
2.	Furniture and Fixtures	Ranging from 2 to 20 years
3.	Office equipments	Ranging from 1 to 13 years
4.	Roads, culverts and compound wall	Ranging from 3 to 30 years
5.	Water supply and drainage system	Ranging from 5 to 15 years

The identified components of Property, Plant and Equipments are depreciated over their useful lives and the remaining components are depreciated over the life of principal assets.

Freehold land is not depreciated. Lease hold land is amortized over the lease term of 99 years.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate and adjusted prospectively, if appropriate.

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

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

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

Investment properties are derecognised either when they have been disposed 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 Group's intangible assets is as follows:

Intangible Assets	Method of Amortization	Estimated Useful life
Computer software	on straight line basis	Six years or validity period whichever is lower
Licenses	on straight line basis	Over its useful life of 20 years

l) Borrowing costs

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

m) Leases

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

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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 Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group 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 Group 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:

- Land	8 to 9 years
- Building (includes Godown / warrhouses & office premises)	3 years
- Vehicle	3 years

If ownership of the leased asset transfers to the Group 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 Group 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 Group and payments of penalties for terminating the lease, if the lease term reflects the Group 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 Group 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 Group 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.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is 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 Weighted Average Cost basis.

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

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

All other inventories of stores and consumables (including coal) are valued at Weighted Average Cost.

Stores and Spares includes equipment spare parts, catalyst and others which are held as inventory by the Group.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

o) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. 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 Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budget / forecast the Group extrapolates cash flow projection in the budget working a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case this growth rate does not exceed the long term average growth rate for the products, industry or the market in which the asset is used.

Impairment losses including impairment on inventories, are 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 Group 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 Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

q) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. Till current year end the Group has separate recognized Provident Fund trusts for all the employees of the Group. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. The Group has an obligation to make good the shortfall, if any, between the return from the investments of the trusts and the interest rate notified by Government.

The employee's gratuity fund scheme and post-retirement medical benefit schemes are Group's defined benefit plans. The contributions under the plans are made to separately administered funds. The cost of providing benefits under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to 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 Group 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 Group measures the expected cost of such absence as the additional amount that is expected to pay as a result of the unused estimate that has accumulated at the reporting date. The Group treats accumulated leave expected to be carried forward beyond twelve months as long term compensated absences which are provided for based on actuarial valuation as at the end of the period. The actuarial valuation is done as per Projected Unit Credit Method.

r) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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 Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group 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 Group'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 Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

(i) Financial assets measured at amortized cost (debt instrument)

(ii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

(iii) Financial assets measured at fair value through profit or loss (FVTPL)

(i) Financial assets measured at amortized cost (debt instrument)

A 'financial asset' is measured at amortized cost if both the following conditions are met:

(a) the financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category generally applies to cash and bank balances, trade receivables, investments in unquoted equity shares of subsidiary entity and an associate entity, loans & advances and other financial assets of the Group (Refer note 48 for further details).

This category is most relevant to the Group. 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 Group has given temporary waiver of interest not exceeding 12 months period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(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 Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment / de-recognition of investment on restructuring by investee. However, the Group 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 pofit 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 Group may elect to designate a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has designated Loans to employees and advances to GNFC-EPFP as at FVTPL. (Refer note 48 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 Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement~ and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group 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 Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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 Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure ;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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 Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables.

Under the simplified approach the Group does not track changes in credit risk. Rather, it 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 Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ECL is the difference between all contracted cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original EIR. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income / (expense) in the statement of profit and loss (P&L). This amount is reflected under the head "Other Expense" in the P&L.

The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortized cost, contractual revenue receivables and lease receivables:

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

For the purpose of subsequant 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 Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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 Group 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 Group has not designated any financial liability as at FVTPL.

Financial liabilities measured at amortised cost (loans and borrowings)

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

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

This category generally applies to borrowings.

Derecognition

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

Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the 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 Group 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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 Group's cash management.

u) Cash dividend to equity holders of the Group

The Group 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 Group. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

v) Earnings per share

Basic earnings per share are calculated by dividing the profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.4 Changes in accounting policies and disclosures

The following standards and amendments became applicable for the first time for the annual reporting period commencing from 1st April, 2019:

- Ind AS 116 – Leases
- Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment
- Amendments to Ind AS 109: Prepayment Features with Negative Compensation
- Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement
- Amendments to Ind AS 28: Long-term interests in associates and joint ventures

The Group applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below and Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

Ind AS 116 - Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 - Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 - Operating Leases-Incentives and Appendix B of Ind AS 17 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. At the commencement date of the lease, a lessee will recognise a liability to make lease payments (i.e. lease liability) and an asset representing the right of use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-to-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Group is the lessor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

The Group has adopted Ind AS 116 'Leases' with effect from April 1, 2019 using the modified retrospective method. Cumulative effect of initially applying the standard has been recognised on the date of initial application and hence the Group has not restated comparation information. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). Accordingly, the Group has recognised right-of-use asset of Rs. 3.46 crore and a corresponding lease liability of Rs. 3.46 crore in the financial statements on the date of initial application. There is no impact on the retained earnings. Due to adoption of Ind AS 116, the classification of expenses has changed from rent in previous years to depreciation cost on right-of-use asset and finance cost for interest on lease liability. The Group has recognised depreciation on right-of-use asset of Rs. 1.99 crore and interest on lease liability of Rs.0.21 crore for the year ended March 31, 2020. The effect of this standard is not significant on the profit for the reporting year of the Group.

3 Significant accounting judgement, estimates and assumptions

The preparation of the Group's Ind AS Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the acGrouping 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 Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Taxes

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

Defined benefit plans (gratuity benefits and other post-employment medical benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of these obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

expected future inflation rates and Group'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 48 for further disclosures.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a 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 Group 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 Group 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 Group 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 Group 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 Group '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 Group 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, 2020

Note 4 : Property, plant and equipment

(Rs. in Crores)

	Land freehold	Land leasehold	Buildings	Plant and equipment	Furniture and fixture	Vehicles	Office equipment	Roads, culverts and compound wall	Water supply and drainage system	Railway sidings	Total
Cost											
As at April 01, 2018	**111.03**	**214.69**	**427.46**	**6,592.98**	**32.68**	**7.79**	**12.19**	**64.54**	**122.54**	**3.77**	**7,589.67**
Additions	-	25.85	2.24	71.15	0.75	0.44	0.66	-	4.63	-	105.72
Disposals	-	-	-	(53.21)	(0.26)	(1.08)	(0.03)	-	-	-	(54.58)
Adjustments for foreign currency fluctuation	-	-	-	(2.49)	-	-	-	-	-	-	(2.49)
As at March 31, 2019	**111.03**	**240.54**	**429.70**	**6,608.43**	**33.17**	**7.15**	**12.82**	**64.54**	**127.17**	**3.77**	**7,638.32**
Additions	-	-	2.70	103.40	0.87	0.86	0.49	4.09	0.54	-	112.95
Disposals	-	-	-	(10.29)	(0.38)	(0.92)	(0.06)	-	-	-	(11.65)
As at March 31, 2020	**111.03**	**240.54**	**432.40**	**6,701.54**	**33.66**	**7.09**	**13.25**	**68.63**	**127.71**	**3.77**	**7,739.62**
Depreciation / Amortisation											
As at April 01, 2018	-	**13.46**	**96.07**	**3,243.28**	**20.17**	**3.27**	**10.37**	**29.83**	**54.91**	**3.58**	**3,474.94**
Depreciation for the year	-	2.36	11.58	228.33	2.25	0.78	0.51	4.61	9.35	-	259.77
Disposals	-	-	-	(11.36)	(0.19)	(0.53)	(0.01)	-	-	-	(12.09)
As at March 31, 2019	-	**15.82**	**107.65**	**3,460.25**	**22.23**	**3.52**	**10.87**	**34.44**	**64.26**	**3.58**	**3,722.62**
Depreciation for the year	-	2.52	11.62	230.86	2.10	0.71	0.49	4.95	5.93	-	259.18
Disposals	-	-	-	(9.51)	(0.34)	(0.37)	(0.03)	-	-	-	(10.25)
As at March 31, 2020	-	**18.34**	**119.27**	**3,681.60**	**23.99**	**3.86**	**11.33**	**39.39**	**70.19**	**3.58**	**3,971.55**
Net Block											
As at March 31, 2020	**111.03**	**222.20**	**313.13**	**3,019.94**	**9.67**	**3.23**	**1.92**	**29.24**	**57.52**	**0.19**	**3,768.07**
As at March 31, 2019	111.03	224.72	322.05	3,148.18	10.94	3.63	1.95	30.10	62.91	0.19	3,915.70

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.

Addition to lease hold land during the previous year represents cost of increase in land area earlier allotted to the Company and payment of stamp duty on registration of lease agreement in respect of lease hold land situated at Dahej.

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 Rs. 1,215.64 crores (net of decapitalisation) represented by capital grant of Rs. 1,213.06 crores.

c. During the previous year the Company has received concession amounting to Rs. 32.75 crores towards Feed Stock Conversion Project, which had been adjusted to the carrying value of plant and equipment in terms of para 37 of Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The gain (adjustment) of Rs. 5.69 crores arising on decapitalisation of plant & equipment was transferred to Other income in the previous year. (refer Note 27).

d. During the year the Company has received concession amounting to Rs. 0.36 crore (Rs. 12.26 crores in previous year) towards TDI II project, which has been adjusted to the carrying value of plant and equipment in terms of para 37 of Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The gain (adjustment) of Rs. 0.10 crore (Rs. 2.71 crores in previous year) arising on decapitalisation is transferred to Other income (refer Note 27).

e. During the year, the Company has capitalised Rs. 85.33 crore of spares, stand by equipment which are of capital nature and meet the definition of property, plant and equipment in accordance with para 8 of Ind AS 16 - "Property, Plant and Equipment" which are shown as addition in plant and equipment.

f. Assets given on lease includes plant and equipment :

- Cost as at March 31, 2020 is Rs. 9.39 crore (March 31, 2019 Rs. 9.39 crore)
- Depreciation as at March 31, 2020 is Rs. 8.92 crore (March 31, 2019 Rs. 8.92 crore)
- Net block as at March 31, 2020 is Rs. 0.47 crore (March 31, 2019 Rs. 0.47 crore)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

g. Capital work in progress is as under:
- Gross block as at March 31, 2020 is Rs. 89.51 crore (March 31, 2019 Rs. 28.29 crore)
- Impairment provision as at March 31, 2020 is Rs. 7.61 crore (March 31, 2019 Rs. 2.93 crore)
- Net block as at March 31, 2020 is Rs. 81.90 crore (March 31, 2019 Rs. 25.36 crore)

It mainly includes cost incurred on plant and equipment procured at Neem project (Rs. 26.83 crore) , Ammonia Plant (Rs. 8.64 crore), TDI II Dahej Plant (Rs. 7.26 crore), WNA Plant (Rs. 26.54 crore), Formic Acid Plant (Rs. 3 crore) and 10MW Solar Plant (Rs. 2.54 crore).

h. Additions to property, plant & equipment during the year include Rs. **Nil** (previous year: Rs. 0.36 crore) used for research and development activities.

Note 5 : Investment property **(Rs. in Crores)**

Particulars	Building	Total
Cost		
As at April 01, 2018	**25.93**	**25.93**
Additions (subsequent expenditure)	-	-
As at March 31, 2019	**25.93**	**25.93**
Additions (subsequent expenditure)	**-**	**-**
As at March 31, 2020	**25.93**	**25.93**
Depreciation		
As at April 01, 2018	**6.95**	**6.95**
Depreciation for the year	0.43	0.43
As at March 31, 2019	**7.38**	**7.38**
Depreciation for the year	0.42	0.42
As at March 31, 2020	**7.80**	**7.80**
Net Block		
As at March 31, 2020	**18.13**	**18.13**
As at March 31, 2019	18.55	18.55

Information regarding income and expenditure of Investment property

(Rs. in Crores)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Rental income derived from Investment properties	**11.36**	11.41
Direct operating expenses (including repairs and maintenance) generating rental income	**(3.62)**	(3.64)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	**(1.98)**	(1.69)
Profit arising from investment property before depreciation and indirect expenses	**5.76**	6.08
Less : Depreciation	**(0.42)**	(0.43)
Profit arising from investment property before indirect expenses	**5.34**	5.65

(i) As at March 31, 2020 and March 31, 2019 the fair values of the investment property is Rs 85.21 crore and Rs. 85.25 crore 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 48.2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 6 : Intangible assets

(Rs. in Crores)

Particulars	Computer software	Licenses	Total
Cost			
As at April 01, 2018	**25.70**	**34.27**	**59.97**
Additions	-	-	-
As at March 31, 2019	**25.70**	**34.27**	**59.97**
Additions	0.56	-	0.56
As at March 31, 2020	**26.26**	**34.27**	**60.53**
Amortization			
As at April 01, 2018	**19.38**	**13.18**	**32.56**
Amortization for the year	1.20	1.55	2.75
As at March 31, 2019	**20.58**	**14.73**	**35.31**
Amortization for the year	1.19	1.55	2.74
As at March 31, 2020	**21.77**	**16.28**	**38.05**
Net Block			
As at March 31, 2020	**4.49**	**17.99**	**22.48**
As at March 31, 2019	5.12	19.54	24.66

Note 7 : Investments

(Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Investments		
(i) Investment in a Subsidiary at cost (Unquoted)		
Investment in equity instrument-unquoted (In fully paid up equity shares)		
10,000 (previous year 10,000) Equity shares of Gujarat Ncode Solutions Limited of Rs. 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-unquoted (In fully paid up equity shares)		
12,50,000 (previous year 12,50,000) Equity shares of Gujarat Green Revolution Company Limited of Rs. 10/- each	**78.04**	68.93
Total	**78.04**	68.93
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 Rs 2/- each	**27.41**	78.19
B) 17,59,996 (previous year 17,59,996) Equity Shares of Gujarat Alkalies & Chemicals Limited of Rs 10/- each	**39.25**	86.82

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
C) 80,00,000 (previous year 80,00,000) Equity Shares of Gujarat State Petronet Limited of Rs 10/- each	**137.96**	152.56
D) 2,66,445 (previous year 2,66,445) Equity Shares of Gujarat Gas Limited of Rs 2/- each	**6.15**	3.94
	210.77	321.51
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 Rs 1/- each	**18.55**	17.26
B) 42,000 (previous year 42,000) equity shares of Bharuch Enviro Infrastructure Limited of Rs 10/- each	**4.65**	4.53
C) 20,000 (previous year 20,000) equity shares of Gujarat Venture Finance Limited of Rs 10/- each	**0.34**	0.30
D) 18,39,60,000 (previous year 18,39,60,000) equity shares of Gujarat Chemical Port Limited of Rs 1/- each (formerly known as Gujarat Chemical Port Terminal Company Limited)	**348.97**	347.68
E) 2,42,10,000 (previous year 2,42,10,000) equity shares of Ecophos GNFC Private Limited of Rs. 10/- each ##,@	**- ***	24.21
F) NIL (previous year 6,12,60,000) equity shares of Bhavnagar Energy Company Limited of Rs. 10/- each #	**-**	- *
G) 1 (previous year Nil) equity shares of Gujarat State Electricity Corporation Limited of Rs 10/- each @	**- ***	-
H) 1,35,30,000 (previous year 1,35,30,000) equity shares of Bharuch Dahej Railway Company Limited of Rs 10/- each @	**11.40**	14.90
I) 10 (previous year 10) shares of GESIA IT Association of Rs. 10/- each	**-***	-*
	383.91	408.88
Total	**594.68**	730.39
Non-current	**672.72**	799.32
Current	**-**	-
Total investments	**672.72**	799.32
Aggregate book value of quoted investments and market value thereof	**210.77**	321.51
Aggregate amount of unquoted investments	**461.95**	477.81
* Amount nullified on conversion to Rs in Crores.		
$ Investment in Associate is accounted under Equity method as under:		
Opening Carrying Value of Investments	**68.93**	60.35
Add: Share in Profit for the year	**9.11**	8.58
Carrying Value of Investments at the year end	**78.04**	68.93*

\# During the previous year, the Company had recognized losses on investment in unquoted equity shares of Bhavnagar Energy Company Limited (BECL) that got merged into Gujarat State Electricity Corporation Ltd (GSECL) vide Government of Gujarat notification dated August 27, 2018 for transfer and vesting in GSECL the undertaking of BECL in all respects by issuance of one equity share to each shareholder of BECL against the total number of shares held by them, and thus Company had valued such investment as at March 31, 2019 at the nominal consideration receivable of one share in GSECL resulting into aggregate losses of Rs.36.38 crores recognized though other comprehensive income in the previous year.

\## 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%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

shareholding of EGIPL amounting to Rs. 24.21 crores. During the year, M/s Eophos S.A. holding 85% shareholding of EGIPL has applied for bankruptcy. Consequently all the nominee directors of EGIPL, Managing Director and Company Secretary of EGIPL has resigned. Plant installation for manufacturing of DCP is yet to commence. Accordingly Company valued such investment as at March 31, 2020 at the nominal consideration of Rs. 1 in EGIPL resulting into aggregate losses of Rs. 24.21 crores recognised through other comprehensive income.

@ Company is carrying physical share certificate in respect of these investments.

(a) The fair value of the quoted equity investments are derived from quoted market prices in active market.

(b) Investments include investment in unquoted equity shares. Fair value of unquoted investment in equity instrument have been carried out by independent valuer using Net Assets Value model and comparable companies model following Market Approach and Income Approach. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk, volatility, net assets and market multiples. The probabilities of various estimates within the range can be reasonably assessed and are used in management's estimates for fair value for these unquoted equity instruments.

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

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Opening Balance	**730.39**	724.74
Add : Investment made during the year	**-**	12.00
Fair value (loss) / gain recognised in Other Comprehensive Income	**(135.70)**	(6.35)
Closing Balance	**594.69**	730.39

Note 8 : Loans and advances (Unsecured) (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Loans		
Unsecured - considered good		
Deposits with corporate	**165.00**	-
Loans to employees*	**18.86**	16.70
Total	**183.86**	16.70
Non-Current		
Loans		
Unsecured - considered good		
Deposits with corporate	**-**	160.00
Loans to employees*	**102.22**	87.37
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	**102.22**	247.37
Total loans and advances	**286.08**	264.07

* includes interest accrued Rs 3.78 crore (previous year Rs.3.07 crore) crores on current loans to employees and of Rs. 32.54 crore (previous year Rs. 32.94 crore) on non-current loans to employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 9 : Other financial assets (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Other financial assets		
Advances to GNFC Employee Provident Fund Trust (GNFC-EPFT)*	**758.92**	-
Dividend receivable	**-**	2.76
Accrued interest	**10.00**	7.40
Fair value of derivative contracts	**4.59**	-
Other receivables	**0.02**	0.01
Deposits with suppliers	**7.11**	7.11
Export Benefit Receivable	**2.18**	5.55
Total	**782.82**	22.83
Non-Current		
Other financial assets		
Deposits with suppliers	**14.34**	11.25
Other receivables	**-**	0.21
Total	**14.34**	11.46
Total other financial assets	**797.16**	34.29

* During the year, the Company has surrenderred its exemption to hold contribution in GNFC-EPFT to Employees' Provident Fund Organisation (EPFO) based on the Company's obligation as at March 31, 2020 by availing the option of depositing entire corpus of GNFC-EPFT in liquid cash to EPFO. On surrendering the exemption to hold the trust, GNFC-EPFT has deposited Rs 820.59 crores, being the amount equivalent to the statutory liabilities as at March 31, 2020 with the EPFO after obtaining advance from the company. The company recognised the shortfall/deficit of Rs. 61.67 crores between the value of investment portfolio and other assets held by GNFC-EPFT and its obligations to EPFO which was made good by the Company. Accordingly recoverable amount of Rs. 758.92 crores is shown as advance to GNFC-EPFT, which is equivalent to the fair value of investments, as evaluated by an independent valuers, and other assets held by GNFC-EPFT as at March 31, 2020.

Note 10 : Trade receivables (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables		
- Secured, Considered good	**14.37**	8.96
- Unsecured Considered good	**211.87**	297.75
- Unsecured Credit impaired	**9.47**	5.17
Subsidy receivables (Considered good)	**1,187.18**	933.48
	1,422.89	1,245.36
Less : Impairment Allowances (Allowance for doubtful debts)		
Trade receivables		
- Credit impaired	**(9.47)**	(5.17)
Total	**1,413.42**	1,240.19

Note:

- No trade or other receivables are due from Directors or other officers of the Company either severally or jointly with any other person; nor any trade or other receivables are due from firms or private companies in which any Director is a partner, a director or a member.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

- 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) of Rs 91.80 crores (previous year Rs 112.91 crores) are governed by the terms of respective contract agreement.
- Subsidy receivables represents amount receivable from government against sale of of fertilizers.

Note 11: Other non-current assets **(Rs. in Crores)**

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Unamortized employee loan benefits	**29.75**	25.43
Capital advances	**38.07**	12.62
Deposits / Recoverable balances from customs, excise and others	**2.12**	12.02
Contract assets	**2.99**	-
Prepaid Expense	**4.46**	5.71
Unsecured - considered doubtful		
Advances to suppliers	**1.64**	5.67
Less: Provision for doubtful advances	**(1.64)**	(5.67)
	-	-
Balances / deposits of recoverable customs, taxes, cess etc.	**5.08**	5.08
Less: Provision for doubtful balances	**(5.08)**	(5.08)
	-	-
Receivable from others	**4.14**	-
Less: Provision for doubtful balances	**(4.14)**	-
	-	-
Total	**77.39**	55.78

Note 12 : Inventories (Valued at lower of Cost and Net realisable value) **(Rs. in Crores)**

Particulars		As at March 31, 2020		As at March 31, 2019
Raw materials		**191.99**		166.00
(Includes in transit inventory as on March 31, 2020 Rs.52.13 crore; as on March 31, 2019 - Nil)				
Work-in-progress		**84.90**		40.34
Finished goods*		**133.62**		138.85
Traded goods		**2.28**		2.44
Stores and spares (Including coal) (refer Note 4(e)) (Includes in transit inventory as on March 31, 2020 Rs.0.55 crore; as on March 31, 2019 Rs. 0.03 crore)	**522.05**		481.40	
Less: Provison for Inventory obsolescence	**(2.49)**	**519.56**	–	481.40
Total		**932.35**		829.03

* During the current year the company has adjusted finished goods by Rs 3.50 crores (Previous year Rs. 14.57 crores) so as to value such inventories at net realizable value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 13: Cash and cash equivalents

(Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents		
Balances with banks in:		
- Current accounts	**5.60**	3.63
- Debit balance in cash credit accounts	**0.82**	8.38
Cash on hand	**-**	0.24
Deposits with original maturities less than three months	**59.32**	152.00
Total	**65.74**	164.25

Changes in liabilities arising from financing activities:

(Rs. in Crores)

Particulars	As at April 01, 2019	Net Cash flows	Foreign exchange management	Changes in fair values	Other	As at March 31, 2020
Current borrowings (excluding items listed below)	**207.93**	650.71	-	-	-	858.64
Deposits from customers / vendors	**47.78**	19.10	-	-	-	66.88
Unclaimed dividends	**10.01**	0.56	-	-	-	10.57
Lease liability (refer note 39)	-	-	-	-	1.85	1.85
Total	**265.72**	**670.37**	**-**	**-**	**1.85**	**937.94**

Note 14 : Other bank balances

(Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks		
Unpaid dividend accounts	**10.57**	10.01
Bank balances in escrow accounts *	**15.56**	8.70
Deposit with original maturity of less than twelve[12] months but more than three months (Pledged with lenders and Government authorities)	**97.13**	51.96
Total	**123.26**	70.67

* Balances in escrow account represents amounts received on behalf of customers of (n)code division.

Note 15 : Other current assets

(Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Deposits / Recoverable balances from customs, excise and others	**38.19**	59.91
Advance to suppliers	**58.17**	45.92
Insurance claim receivable	**4.00**	-
Contract assets	**18.55**	19.49
Receivable from others	**4.76**	9.01
Prepaid expenses	**17.37**	5.03
Unamortized employee loan benefits	**5.67**	4.85
Energy savings certificates *	**-**	-
Total	**146.71**	144.21

* Amount nullified on conversion to Rs in Crores

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 16 : Share capital (Rs. in Crores)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Authorised share capital				
Equity shares of Rs.10 each	25,00,00,000	250.00	25,00,00,000	250.00
	25,00,00,000	**250.00**	**25,00,00,000**	**250.00**
Issued, subscribed and fully paid up				
Equity shares of Rs.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**

16.1. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Rs. In crores	No. of shares	Rs. In crores
Equity Shares				
At the beginning of the year	**15,54,18,783**	**155.42**	15,54,18,783	155.42
Issued/reduction, if any during the year	**-**	-	-	-
Outstanding at the end of the year	**15,54,18,783**	**155.42**	15,54,18,783	155.42

16.2. Terms/rights attached to the equity shares

Rights preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having par value of Rs 10 per share, i.e. equity shares which rank pari passu in all respects. Each holder of equity share is entitled to one vote per share.

For the current financial year 2019-20, the Company has proposed dividend of Rs. 5 per equity share to equity shareholder (for the previous financial year dividend of Rs. 7 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.

16.3. Number of Shares held by each shareholder holding more than 5% Shares in the Company

Particulars	As at March 31, 2020		As at March 31, 2019	
	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	**1,17,91,612**	**7.59**	1,17,91,612	7.59

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 17 : Other equity

Note 17.1 Reserves and surplus **(Rs. in Crores)**

Particulars	Capital reserve	Securities Premium	General reserve	Retained earnings	Total
As at April 01, 2018	**0.64**	**313.31**	**2304.76**	**1248.52**	**3,867.23**
Profit for the year				749.74	749.74
Re-measurement losses on defined benefit plans (net of tax)				(48.45)	(48.45)
Balance available for appropriation				**1,949.81**	**4,568.52**
Less : Appropriations					
Transfer to General reserve			175.00	(175.00)	-
Dividend				116.56	116.56
Tax on equity dividend				23.96	23.96
As at March 31, 2019	**0.64**	**313.31**	**2,479.76**	**1,634.29**	**4,428.00**
Profit for the year				508.01	508.01
Re-measurement losses on defined benefit plans (net of tax)				(14.42)	(14.42)
Balance available for appropriation				**2,127.88**	**4,921.59**
Less : Appropriations					
Dividend				108.79	108.79
Tax on equity dividend				22.36	22.36
As at March 31, 2020	**0.64**	**313.31**	**2,479.76**	**1,996.73**	**4,790.44**

Securities Premium:

Securities premium is used to record the premium on issue of shares. This reserve is utilized in accordance with the provision of section 52 (2) (c) of the Companies Act, 2013.

Note 17.2 Other comprehensive income (OCI) **(Rs. in Crores)**

Particulars	Net gain / (loss) on FVTOCI equity Investments	Total
As at April 01, 2018	**494.39**	**494.39**
Other comprehensive (expense) during the year:		
Net (loss) on FVTOCI equity investments for the year	(6.35)	(6.35)
Income tax effect	(6.73)	(6.73)
As at March 31, 2019	**481.31**	**481.31**
Other comprehensive (expense) during the year:		
Net (loss) on FVTOCI equity investments for the year	(135.70)	(135.70)
Income tax effect	7.82	7.82
As at March 31, 2020	**353.43**	**353.43**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 17.3 Dividend distribution made and proposed (Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cash dividends on equity shares declared and paid		
Final dividend for year ended March 31, 2019: Rs. 7 per share (March 31, 2018: 7.5 per share)	**108.79**	116.56
Dividend distribution tax on final dividend	**22.36**	23.96
	131.15	140.52
Proposed dividends on equity shares		
Final cash dividend proposed for the year ended March 31, 2020:	**77.71**	108.79
Rs. 5 per share (March 31, 2019: Rs.7 per share)		
Dividend distribution tax on proposed dividend	**-**	22.36
	77.71	**131.15**

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at balance sheet date.

Note 18 : Borrowings (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Short-term interest bearing borrowings		
Secured		
From Bank- cash credit and overdraft accounts	**25.66**	55.01
Other loans and advances from banks *	**382.98**	152.92
Unsecured		
Loan repayable on demand from others	**450.00**	-
Total	**858.64**	207.93

* Includes the borrowing availed against Special Banking Arrangement (SBA) of Rs. 232.98 crore (previous year Rs. 152.92 crore) as approved by Ministry of Finance, Department of Economic Affairs to enable the indigenous Urea and P&K manufacturers to raise loans from Punjab National Bank against outstanding subsidy receivables from the Government of India (GOI).

Terms of repayment, interest and secured

SBA carries interest rate of 6.15% p.a. (8.20% p.a previous year) of which GOI shall be bearing 6.15% p.a (7.72% previous year) and Nil (0.48% previous year) shall be borne by the Company.

SBA is secured by hypothecation of subsidy receivables in respect of indigenous urea and P&K as identified and lien marked by Government of India. SBA is further secured by letter of comfort from Department of Fertilizers (DOF), GOI for timely payment of principle and interest to the extent of 6.15%. Per annum.

SBA is repayable within maximum period of 60 days from the date of disbursement with one day prior notice.

Security details

Short term borrowings from banks as cash credit and overdraft accounts of Rs. 25.65 Crore (March 31, 2019: Rs. 55.01 Crore) and other loans and advances from banks of Rs. 382.98 (March 31, 2019: Rs. 152.92 Crore) are secured by first charge by way of hypothecation of inventories and trade receivables and all other movable assets, both present and future and further secured by second charge by way of mortgage on all immovable properties. These charges are ranking pari-passu among the working capital lenders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Interest rate details for short term borrowings:

(i) Cash credit facilities and overdrafts carries interest rates ranging from 7.55% to 8.35% p.a.

(ii) SBA Loan of Rs. 232.98 crore under Other loans and advances from banks carries interest rate of Nil.

(iii) Other short term loan of Rs. 150 crore under Other loans and advances from banks carries interest rate of 6.85% p.a.

(iv) Loan repayable on demand from others includes loan from GSFS carries interest rate of 7% p.a.

Note 19 : Trade payables (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
(A) total outstanding dues of micro, small and medium enterprises	**32.56**	31.36
(B) total outstanding dues of creditors other than micro, small and and medium enterprises	**480.84**	363.39
Total	**513.40**	394.75

(Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"):		
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	**32.56**	31.36
(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, Medium and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

Note 20 : Other current financial liabilities (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Liability towards capital grant received (net) *	**85.06**	85.06
Deposits / retention money from customers / vendors / others	**66.88**	47.78
Payable for capital goods	**9.75**	23.82
Rebate / discounts payable to customers	**37.34**	15.83
Interest accrued but not due on borrowings	**0.23**	-
Unclaimed dividends #	**10.57**	10.01
Total	**209.83**	182.50

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(*) Represents the liability towards Grant received, pending settlement, by the Company against feed stock conversion project from 'LSHS/ FO' to 'Gas' as disclosed in Note 22.

Not due for credit to "Investors Education and Protection Fund

Note 21 : Provisions (Non-current) (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for leave encashment	**183.87**	177.73
Provision for post retirement medical benefit (refer Note 41)	**59.32**	47.92
Expected loss of PF trust *	**-**	10.25
Total	**243.19**	235.90

* As a matter of prudence, during the previous year the Company had provided Rs.10.25 Crore towards probable incremental employee benefit liability that may arise on the Company on account of any likely deficit in the GNFC-EPFT in meeting its obligations. During the year, the Company has surrenderred its exemption to hold contribution in GNFC-EPFT to Employees' Provident Fund Organisation (EPFO) based on the Company's obligation as at March 31, 2020 by availing the option of depositing entire corpus of GNFC-EPFT in liquid cash to EPFO. On surrendering the exemption to hold the trust, GNFC-EPFT has deposited Rs 820.59 crores, being the amount equivalent to the statutory liabilities as at March 31, 2020 with the EPFO after obtaining advance from the company. The company recognised the shortfall/deficit of Rs. 61.67 crores between the value of investment portfolio and other assets held by GNFC-EPFT and its obligations to EPFO which was made good by the Company. Accordingly provision of Rs. 10.25 crore provided in earlier year is reversed during the current year.

Note 22 : Government grant (Deferred Income) (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Grant from Government of India (refer note a)	**60.65**	60.65
Government grant of Export Promotion Capital Grant (EPCG) (refer note b)	**1.85**	5.00
Total	**62.50**	65.65
Non Current		
Grant from Government of India (refer note a)	**758.16**	818.82
Other Government grant	**1.00**	1.00
Total	**759.16**	819.82
Total government grant (deferred income)	**821.66**	885.47

(a) Movement in Grant from Government of India (Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening	**879.47**	940.12
Released to statement of profit and loss	**(60.66)**	(60.65)
Closing	**818.81**	879.47

The Company was eligible for capital grant from Government of India, Ministry of Chemicals & Fertilizers, Department of Fertilizers (DoF) for feed stock conversion project from 'LSHS/FO' to 'Gas' vide sanction letter no 14023/22/2007-FP dated 14.12.2009 as the Company fulfilled the conditions attached to the grant approved by DoF. Accordingly, the grant of Rs. 1,215.74 crore was recorded as contemplated under Para 7 and 12 of Ind AS - 20 on 'Accounting for Government Grants and Disclosure of Government Assistance'. The aforesaid grant have been disbursed by the Government of India. Further

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

on scrutiny of project cost by the Government appointed team, the Grant amount was finalised at Rs. 1,213.06 crore. During the previous year, the government disbursed:

- Rs. 89.18 crore on account of capital grant. Cumulative capital grant received upto March 31, 2019 was Rs.1,146.43 crores against total receivable of Rs 1,213.06 crores and
- Rs. 27.31 crores towards reimbursement of borrowing cost as grant. Cumulative reimbursement of borrowing costs received upto March 31, 2019 was Rs.348.45 crores against the total borrowing cost incurred of Rs.195.47 crores.

Accordingly, the Company, pending settlement, recorded a net liability of Rs 85.06 crores (net of adjustment of receivable against return on investment of Rs.1.29 crores as at March 31, 2020) against amount received over and above the actual grant receivable. (refer note 20).

(b) Movement in Government grant of EPCG (Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening	**5.00**	5.00
Add: New EPCG licence received during the year.	**1.74**	-
Less: Released to statement of profit and loss	**(4.89)**	-
Closing	**1.85**	5.00

Note 23 : Other current liabilities (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory and other liabilities	**13.07**	16.65
Other current liabilities (Refer Note 43(A))	**34.90**	50.57
Contract liabilities (including advance from customers)	**20.33**	17.53
Total	**68.30**	84.75

Note 24 : Provisions (current) (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for gratuity (Refer Note 41)	**1.59**	-
Provision for leave encashment	**55.85**	59.11
Provision for contingencies (refer note a)	**3.04**	3.04
Provision for post retirement medical benefit (Refer Note 41)	**1.80**	1.58
Total	**62.28**	63.73

Note: a

The Company had created a contingency provision of Rs. 3.04 crore during the previous year for possible contractual obligation of IT business. The movement of other provision is as under:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	**3.04**	12.66
Provision made during the year	**-**	3.04
Amount utilised / reversed during the year	**-**	(12.66)
Closing balance	**3.04**	3.04

Note 25 : Income Tax

The major component of income tax expenses for the year ended March 31, 2020 and March 31, 2019 are as under

a) **Statement of Profit and Loss Section** (Rs. in Crores)

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
Current Income tax			
Current tax charges	**A**	**75.51**	244.32
Excess tax provision write back of earlier years (refer note (h) below)	**B**	**(10.64)**	(133.86)
Deferred Tax			
Relating to origination and reversal of temporary differences (refer note (i) below)		**0.52**	(32.26)
Relating to reversal of temporary differences on account of change in tax rates in subsequent year (refer note (i) below)		**(127.23)**	-
Tax (credit) under Minimum Alternate tax		**(12.23)**	-
	C	**(138.94)**	(32.26)
Tax Expense reported in the Statement of Profit and Loss	**A + B + C**	**(74.07)**	78.20
Other Comprehensive Income ('OCI') Section			
Income tax / Deferred tax related to items recognised in OCI during the year			
Remeasurement losses on defined benefit plans, credit		**3.05**	26.02
Unrealised loss on FVTOCI equity investments, credit / (charge)		**7.82**	(6.73)
		10.87	19.29

b) **Balance Sheet Section**

Particulars	As at March 31, 2020	As at March 31, 2019
Liabilities for current tax (net)	**24.14**	22.80
Income tax assets (net)	**(11.47)**	(23.16)
Net Tax Provision Outstanding	**12.67**	(0.36)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

c) Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2020 and March 31, 2019

(Rs. in Crores)

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
	%	Amount	%	Amount
Profit Before tax		**424.78**		819.37
Tax using domestic tax rate for Company	**34.94**	**148.45**	34.94	286.32
Tax Effect of:				
Income exempted from tax	**(0.39)**	**(1.66)**	(0.30)	(2.46)
Deduction u/s 80IA	**(19.52)**	**(82.92)**	(8.49)	(69.54)
Expenses with weighted deduction in tax	**(0.09)**	**(0.39)**	(0.06)	(0.52)
Non-deductible expenses	**0.62**	**2.62**	0.27	2.24
Sale of assets	**0.01**	**0.05**	0.24	1.99
Opening Right of Use Asset - Ind AS 116	**(0.31)**	**(1.32)**	-	-
Realised gain on ECB derivative	**-**	**-**	(0.06)	(0.52)
Adjustment in depreciation net book value of assets	**0.48**	**2.05**	(0.67)	(5.45)
Reversal of deferred tax liability on account of change in tax rate (refer note (i) below)	**(29.95)**	**(127.23)**	-	-
Other adjustments	**(0.72)**	**(3.07)**	-	-
Effective tax rate and tax	**(14.93)**	**(63.42)**	25.88	212.06
Excess tax provision write back of earlier years	**(2.50)**	**(10.64)**	(16.34)	(133.86)
Tax expenses as per Books	**(17.43)**	**(74.06)**	9.54	78.20

d) Deferred Tax Liability (net)

(Rs in Crores)

Particulars	Balance Sheet as at		Statement of Profit and Loss	
	March 31, 2020	March 31, 2019	Year Ended March 31, 2020	Year Ended March 31, 2019
(Liability) on Accelerated depreciation for tax purpose	**(650.19)**	(873.65)	**(223.46)**	(30.59)
Assets on provision for Leave encashment	**69.55**	80.03	**10.48**	(22.75)
Assets on deferrd government grant of ASGP	**223.87**	307.32	**83.45**	21.20
Assets on deferrd government grant of EPCG	**0.03**	1.75	**1.72**	-
Assets on Provision for doubtful debts and advances	**13.59**	14.76	**1.17**	1.10
(Liability) on equity investment FVTOCI	**(22.58)**	(30.40)	**(7.82)**	6.73
Assets on other adjustments	**2.59**	2.52	**(0.07)**	(1.22)
Total	**(363.14)**	(497.67)	**(134.53)**	(25.53)

e) Deferred tax liabilities reflected in the balance sheet as follows

(Rs in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax liabilities	**363.14**	497.67
Less :Tax credit entitlement under MAT	**(47.06)**	(30.99)
Deferred tax liabilities (net)	**316.08**	466.68

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

f) Reconciliation of deferred tax liabilities (net) **(Rs in Crores)**

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Opening balance as of April 01, 2019	**466.68**	478.67
Tax expenses during the period recognised in statement of profit and loss	**0.52**	(32.26)
Tax (credit) on reversal of liabilities on account of change in tax rates (refer note (i) below)	**(127.23)**	-
Tax (credit) under Minimum Alternate tax (previous year amount pertains to earlier years)	**(16.07)**	(58.20)
Tax credit during the period recongnised in OCI	**(7.82)**	6.73
Utilisation of MAT credit entitlement	**-**	71.74
Closing balance as of March 31, 2020	**316.08**	466.68

g) During the year the Company made tax provision as per the Minimum Alternate Tax (MAT) in terms of the provisions of section 115JB of the Income Tax Act of Rs 75.51 crore. In the previous year the company had made tax provision as per normal income tax provisons of the Income Tax Act, 1961 of Rs. 244.32 crore.

h) Based on reconciliation of income tax liabilities pertaining to current tax provision of earlier years as per books of account with tax liabilities acknowledged in respective year's income tax return / assessed tax liabilities, excess tax provision aggregating to Rs. 10.64 crores (previous year Rs. 133.86 crores) related with earlier years has been written back in the books.

i) Pursuant to the Taxation Laws (Amendment) Act, 2019, a new section 115BAA is inserted in the Income Tax Act, 1961 which provides an option to the domestic companies to pay income tax at lower rate subject to the giving up of certain incentives and deductions. The Company has made an assessment of the impact of the above section and decided to continue with existing taxation structure to avail tax incentives and deductions available to the Company. However, the Company has applied the lower income tax rates on the deferred tax liabilities on account of temporary differences to the extent these are expected to be realized or settled in the future period when the Company may be subjected to lower tax rate. Accordingly, Company has reversed net deferred tax liability of Rs.127.23 crores during the current year.

j) The Company has following unutilised MAT credit under the Income Tax Act, 1961 for which deferred tax assets has been recongnised in the Balance Sheet at.

Financial Year	Amount (Rs. in Crores)	Year of expiry
2016-17	34.83	2031-32
2019-20	12.23	2034-35
Total	**47.06**	

k) During the year ended March 31, 2020, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity. (refer Note 17.3).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 26 : Revenue from operations (Rs in Crores)

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
26.1	**Sale of products**		
	Own products (refer below Note 26.2)	**5,063.58**	5,749.44
	Traded products	**18.57**	49.03
		5,082.15	5,798.47
	Rendering of services	**61.32**	66.43
	Other operating revenue		
	Export incentive	**6.93**	15.47
	Purchase Tax reimbursement	**-**	6.93
	Recovery of administrative charges (Fly Ash)	**6.66**	4.32
	Sale of scrap / surplus / unserviceable materials	**5.36**	4.40
		18.95	31.12
	Total	**5,162.42**	5,896.02
26.2	**Sale of own products above includes:**		
	Subsidy from Government of India under New Urea Policy / Retention Price Scheme/Nutrient Based Subsidy Scheme		
	- Pertaining to current year	**1,319.52**	1,259.06
	- Pertaining to earlier year determined during current year	**180.74**	20.41
	Total	**1,500.26**	1,279.47
26.3	**Timing of revenue recognition**		
	Goods transferred / services rendered at point in time	**5,136.39**	5,882.38
	Services transferred over time	**26.03**	13.64
	Total	**5,162.42**	5,896.02

26.4 There are no inter-segment transfers in case of revenue from contracts with customers, accordingly no reconciliation is required with amounts disclosed in the segment information.

26.5 Reconciliation of amounts of revenue recognized in the statement of profit and loss with the contracted price.

(Rs. in Crores)

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
Gross Revenue as per contracted price with customer		**3,952.69**	4,853.92
Adjustments:			
Rebates / discounts / incentives		**(259.75)**	(206.91)
Dearler's margin		**(30.78)**	(30.46)
Net Revenue as per contracted price with customer	**A**	**3,662.16**	4,616.55
Subsidy income from Governement of India	**B**	**1,500.26**	1,279.47
Total Revenue from operations	**A+B**	**5,162.42**	5,896.02

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 27 : Other income **(Rs. in Crores)**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Grant income	**65.55**	64.56
Interest income * @	**45.05**	49.54
Rent income	**12.49**	12.37
Gain (adjustment) on decapitalisation of property, plant and equipment	**0.10**	8.40
Unclaimed loans / liabilities written back $	**3.75**	33.91
Dividend income **	**4.76**	7.05
Exchange variance gain on monetary items	**4.65**	6.16
Excess provision of doubtful debt written back	**-**	4.01
Insurance claim	**11.42**	23.65
Gain on Lease modification/ termination (net of losses)	**0.01**	-
Miscellaneous income	**4.89**	10.89
Total	**152.67**	220.54

* Including Rs. 5.49 crore (previous year Rs. 8.88 crore) on FVTPL Financial Assets.

@ Includes Rs. 4.53 crore (previous year Rs. 22.31 crore) interest on income tax refunds.

$ During the previous year, the company had written back loan from Government of Gujarat that was received by the company during financial years 1979 to 1984 pursuant to then prevailing water supply scheme. Over the years the company had also accrued interest liability of Rs. 10.21 crores on such loan. Since there has been no demand by the Government of Gujarat since disbursement of such loan to recover such loan, the company had written back the liability.

** Including Rs. 4.69 crore (previous year Rs. 6.98 crore) on FVTOCI Financial Assets.

Note 28 : Cost of raw materials consumed

(Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Inventory at the beginning of the year	**166.00**	97.85
Add : Purchases	**2,760.03**	2,916.26
	2,926.03	3,014.11
Less : Inventory at the end of the period	**192.14**	166.00
Total	**2,733.89**	2,848.11

Note 29A : Purchase of traded goods

(Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Purchase of traded goods	**16.11**	17.22
Total	**16.11**	17.22

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 29B : Purchase of goods and services IT division **(Rs. in Crores)**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Purchase of goods and services IT division	**6.93**	44.53
Total	**26.93**	44.53

Note 30 : Changes in inventories of finished goods, work-in-progress and traded goods **(Rs. in Crores)**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Inventory at the beginning of the year		
Work-in-progress	**40.34**	35.06
Finished goods	**138.85**	93.97
Traded goods	**2.44**	3.36
	181.63	132.39
Inventory at the end of the period		
Work-in-progress	**84.90**	40.34
Finished goods	**133.62**	138.85
Traded goods	**2.28**	2.44
	220.80	181.63
Total	**(39.17)**	(49.24)

Note 31 : Employee benefits expense **(Rs. in Crores)**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	**358.94**	403.74
Contribution to provident and pension fund (refer Note 41) *	**55.97**	39.25
Contribution and provision towards gratuity (refer Note 41)	**15.47**	11.04
Employees' welfare expenses	**43.42**	59.35
Loss on transfer of GNFC EPF trust to EPFO *	**39.50**	10.25
Total	**513.30**	523.63

* During the year, the Company has surrenderred its exemption to hold contribution in Employees' Provident Fund Trust of the Company (GNFC-EPFT) to Employees' Provident Fund Organisation (EPFO) based on the statutory obligation as at March 31, 2020 by availing the option of depositing entire corpus of GNFC-EPFT in liquid cash to EPFO against advance from the Company. As per the arrangement, the Company has acquired the investment portfolio and other assets from GNFC-EPFT for Rs 758.92 crores, equivalent to the fair value of investments and other assets held by GNFC-EPFT as at March 31, 2020.

The shortfall/deficit of Rs. 61.67 crores between the value of investment portfolio held by GNFC-EPFT and GNFC-EPFT obligation to EPFO was made good by the Company. Out of shortfall/ deficit, the Company, as a matter of prudence, had provided Rs 10.25 crores in the financial statements for the year ended March 31, 2019 on account of any likely deficit in the GNFC-EPFT in meetings its obligation and accordingly, net loss of Rs 51.42 crores is accounted under Employee benefit expenses in the financial statements for the year ended March 31, 2020. Out of this, Rs. 11.92 Crores pertains to interest shortfall between interest earned by GNFC-EPFT and the interest notified by the Government for FY 2019-20 recognised under the head contribution to provident fund and balance of Rs 39.50 Crores pertains to shortfall between the provident fund liability and the fair value of investments and other assets at March 31, 2020 recognised as loss on transfer of GNFC-EPFT to EPFO.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 32 : Finance costs (Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest on borrowings	**1.66**	2.94
Interest others	**1.38**	0.27
Other borrowing costs	**-**	0.83
Bank charges and commission	**2.02**	2.34
Interest on lease liability (refer Note 39)	**0.21**	-
Total	**5.27**	6.38

Note 33 : Depreciation and amortization expense (Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on property, plant and equipment (refer Note 4)	**259.18**	259.77
Depreciation on investment property (refer Note 5)	**0.42**	0.43
Amortization on intangible assets (refer Note 6)	**2.74**	2.75
Depreciation on RoU assets (refer Note 39)	**1.99**	-
Total	**264.33**	262.95

Note 34 : Other expenses (Rs. in Crores)

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
Stores, chemicals and catalysts		**92.13**		113.67
Packing expenses		**76.38**		89.05
Insurance		**26.27**		10.05
Repairs and maintenance :				
- Building	**5.93**		8.58	
- Plant and equipment	**112.48**		162.41	
- Others	**7.04**	**125.45**	5.40	176.39
Material handling expenses		**9.83**		9.74
Outward freight and other charges		**98.45**		106.68
Sales promotion expenses		**1.24**		2.58
Selling commission		**0.24**		0.81
Rates & taxes		**3.50**		5.91
Operating lease rent		**4.36**		7.77
Printing & stationery, communication and advertisement expense		**2.16**		8.11
Traveling and conveyance expenses		**3.32**		4.93
Fire fighting, safety and security expenses		**8.04**		7.84
Processing charges to contractors		**-**		2.92

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 34 : Other expenses (Contd...) (Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Electricity charges	**3.71**	3.72
Professional and consultancy charges	**3.79**	4.71
Payment for contract services	**13.33**	13.85
Loss on sale / discard of property, plant and equipment (net)	**0.15**	5.69
Director's fees	**0.08**	0.09
Payment to auditors (refer note (a) below)	**0.49**	0.61
Contributions towards Corporate Social Responsibilities (refer Note 40)	**4.20**	3.51
Premium on forward contracts	**0.42**	0.73
Provision for doubtful debts / advances	**8.44**	0.21
Provision for Inventory obsolescence	**2.49**	-
Unrealised subsidy balances written off (refer Note 44)	**-**	127.38
Bad debts written off	**0.29**	0.21
Contingencies cost (refer Note 24)	**-**	3.04
Impairment - capital work in progress	**4.68**	2.93
Provision for Energy Savings Certificates	**-**	1.60
Miscellaneous expenses	**46.86**	38.62
Total	**540.30**	**753.35**

(a) Payment to auditors includes following :

Payments to Statutory Auditors comprise: (Net of GST Input Credit, where applicable)		
As auditor:		
(i) Statutory Audit Fees	**0.16**	0.15
(ii) Limited review Fees	**0.13**	0.13
In other capacity:		
(i) Certification fees	**0.19**	0.27
(ii) Others	**-**	0.05
Reimbursement of Expenses	**0.01**	0.01
Total	**0.49**	0.61

Note 35 : Earning per share (Rs. in Crores)

Particulars	Unit	Year ended March 31, 2020	Year ended March 31, 2019
Net profit after tax	Rs. in Crore	**508.01**	749.74
Weighted average number of equity shares of nominal value of Rs. 10 each in calculating Earnings Per Share	Nos.	**15,54,18,783**	15,54,18,783
Basic and diluted earnings per share	Rs.	**32.69**	48.24

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 36 : Contingent liabilities and other commitments (to the extent not provided for) **(Rs. in Crores)**

Particulars	As at March 31, 2020	As at March 31, 2019
(A) Contingent liabilities		
(i) Claims against the Company not acknowledged as debts	**226.21**	217.93
(ii) Income tax assessment orders contested	**42.95**	27.19
(iii) Demands in respect of Central Excise Duty, Custom Duty, Service Tax, GST and Value Added Tax as estimated by the Company	**190.24**	219.38
Total contingent liabilities	**459.40**	464.50
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)	**163.90**	120.24
(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.	**35.22**	-
Total other commitments	**35.22**	-

Note 37 : Related party disclosures

Related party disclosures, as required by Ind AS-24, "Related Party Disclosures", are given below:

(i) Related parties with whom transactions have taken place during the period:

Associate	:	Gujarat Green Revolution Company Limited
Wholly Owned Subsidiary	:	Gujarat Ncode Solutions Limited (under process of stricke off)
Key Management Personnel and their relatives	:	Dr J N Singh, IAS, Chairman & Director #
		Shri Anil Mukim, IAS, Chairman & Director *
		Shri M S Dagur, IAS, Managing Director
		Dr. Rajiv Kumar Gupta, IAS, Managing Director ^^
		Smt. Mamta Verma, IAS, Director
		Shri Sujit Gulati, IAS, Director **
		Smt. Gauri Kumar, IAS, (Retd.), Director $
		Prof. Arvind Sahay, Independent Director
		Shri C S Mani, Independent Director ***
		Shri Sunil Parekh, Independent Director
		Shri Piruz Khambatta, Independent Director
		Shri B B Bhayani, Independent Director @
		Shri V D Nanavaty, Director $$
		Shri D V Parikh, GM (Finance) & Chief Financial Officer
		Shri A C Shah, GM (Legal) & Company Secretary $$$
		Shri T J Lakhmapurkar, GM (Legal) & Company Secretary @@

Ceases to be Director and Chairman w.e.f 06.12.2019 upon his superannuation from services of Govt of Gujarat.
* Appointed as Director and Chairman w.e.f 13.12.2019.
^^ Resigned as managing director w.e.f 15.07.2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

** Resigned from board w.e.f 30.01.2020.
$ Appointed as Director w.e.f 30.03.2020.
*** Resigned from board w.e.f 22.07.2019
@ Appointed as Director w.e.f 11.02.2020.
$$ Resigned from board w.e.f 03.10.2018
$$$ Apointed as CS with effect from 11.02.2020.
@@ Resigned as CS with effect from 10.02.2020.

Entities over which Key Management Personnel having significant influence : Ecophos GNFC India Private Limited *

* Managing Director of GNFC has resigned from the post of Chairman in Ecophos GNFC India Private Limited w.e.f 06.03.2020. (refer Note 7)

(ii) Aggregate of transactions for the year with these parties have been given below: **(Rs. in Crores)**

Name of the Company	Nature of transactions	Year Ended March 31, 2020	Year Ended March 31, 2019
Gujarat Green Revolution Company Limited	Sale of goods and services	**- ***	0.01
	Dividend received	**0.06**	0.06
Ecophos GNFC India Private Limited	Provision for receivable amount	**3.48**	-
	Receivable as on 31.03.2020	**3.48**	3.48
Gujarat Ncode Solutions Limited	Advance to meet Expenses	**- ***	
	Expenses recovered	**- ***	
	Receivable Written off	**0.04**	-
	Receivable as on 31.03.2020	**-**	0.04

* Amount nullified on conversion to Rs in Crores

(Amount in Rs.)

Name of the Person	Nature of transactions	Year Ended March 31, 2020	Year Ended March 31, 2019
Dr J N Singh, IAS @	Sitting Fees	**45,000**	60,000
Shri M S Dagur, IAS, Managing Director	Managerial remuneration	**22,88,416**	37,74,110
Dr. Rajiv Kumar Gupta, IAS, Managing Director	Managerial remuneration	**-**	2,28,595
Shri Anil Mukim, IAS @	Sitting Fees	**15,000**	-
Smt. Mamta Verma, IAS @	Sitting Fees	**1,50,000**	2,25,000
Shri Sujit Gulati, IAS @	Sitting Fees	**60,000**	30,000
Shri C S Mani	Sitting Fees	**-**	2,25,000
Prof Arvind Sahay	Sitting Fees	**1,20,000**	75,000
Shri Sunil Parekh	Sitting Fees	**3,45,000**	2,25,000
Shri V D Nanavaty	Sitting Fees	**-**	45,000
Shri B B Bhayani	Sitting Fees	**15,000**	-
Shri D V Parikh	Remuneration	**38,57,619**	37,28,614
Shri A C Shah	Remuneration	**2,97,725**	-
Shri T J Lakhmapurkar	Remuneration	**30,92,003**	32,18,233

@ Amount deposited in Government Treasury

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 38 : Research and development expenses

The statement of profit and loss includes following nature of research & development expenses in the respective heads:

(Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Personnel expenses	**2.01**	1.67
Consumables and spares	**0.18**	0.47
Power and fuel consumption	**0.07**	0.08
Total research and development expenses	**2.26**	2.22

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 lease 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:

(Rs. in Crores)

Particulars	Land	Building	Vehicles	Total
As at April 01, 2019	-	-	-	-
On adoption of Ind AS 116	0.08	1.95	1.43	3.46
Additions	-	0.66	-	0.66
Deletion / Termination	-	(0.47)	-	(0.47)
Depreciation for the year	(0.01)	(0.97)	(1.01)	(1.99)
Dep on Disposals / termination	-	0.12	-	0.12
As at March 31, 2020	**0.07**	**1.29**	**0.42**	**1.78**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

(Rs. In crores)

Particulars	Amount
As at April 01, 2019	-
On adoption of Ind AS 116	3.46
Additions	0.66
Accretion of interest	0.21
Payments	(2.13)
Lease termination	(0.35)
As at March 31, 2020	**1.85**
Current	**1.18**
Non-Current	**0.67**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

The maturity analysis of lease liabilities are disclosed in Note 48.

The effective interest rate for lease liabilities is 8.70%, with maturity between 2020-2028.

The following are the amounts recognised in profit and loss:

(Rs. in Crores)

Particulars	Amount
Depreciation expense of right-of-use assets	1.99
Interest expense on lease liabilities	0.21
Expense relating to short-term leases (included in other expenses)	4.36
Variable lease payments (included in other expenses)	-
Total amount recognised in profit and loss	**6.56**

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:

(Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Not later than one year	-	0.23
Later than one year not later than five years	-	-
Later than Five years	-	-
Total	-	0.23

Note 40: Corporate social responsibility

(Rs in Crores)

	Particulars		Year ended March 31, 2020	Year ended March 31, 2019
a)	**Gross amount required to be spent by the Company during the year:**		**16.01**	12.20
b)	**Amount spent during the year ended on March 31, 2020**	**In cash**	**Yet to be paid in cash**	**Total**
	(i) Construction/acquisition of any asset	-	-	-
	(ii) On purpose other than (i) above	**4.20**	**11.81**	**16.01**
c)	**Amount spent during the year ended on March 31, 2019**			
	(i) Construction/acquisition of any asset	-	-	-
	(ii) On purpose other than (i) above	3.51	8.69	12.20

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 41: Gratuity and other post employment benefit plans:

A. Defined contribution plans:

Amount of Rs. 55.97 Crores (March 31, 2019: Rs. 39.25 Crores) is recognised as expenses and included in note no. 31 "Employee benefit expense"

(Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Provident fund *	**35.26**	21.94
Contribution to pension scheme	**20.71**	17.31
	55.97	39.25

* Includes Rs. 11.92 crores paid towards interest shortfall between interest earned by GNFC-EPFT and the interest notified by the Government for FY 2019-20 (refer Note 31).

B. Defined benefit plans:

The Company has following post employement benefits which are in the nature of defined benefit plans:

(a) Gratuity

(b) Post retirement medical benefit

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity as per payment of Gratuity Act, 1972. The Scheme is funded with Gratuity Trust, which in turn makes contribution to Life Insurance Corporation of India (LIC) in the form of qualifying insurance policy for future payment of gratuity to the employees.

Each year the management reviews the level of funding in the gratuity fund. Such review includes the asset - liability matching strategy. The management decides its contributions based on the results of this review. The management aims to keep annual contributions relatively stable at a level such that no plan deficit (based on valuation performed) will arise.

The plan for the Post retirement medical benefit is unfunded.

The following table summarises the components of net benefit expense recognised in statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

March 31, 2020 : Changes in defined benefit obligations and plan assets

(Rs. In Crores)

		Cost charged to statement of profit and loss				Remeasurement gains/(losses) in other comprehensive income (OCI)					Contributions by employer	March 31, 2020
	April 1, 2019	Service cost	Net interest expense	Sub-total included in statement of profit and loss	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		
Gratuity												
Defined benefit obligation	(303.67)	(15.47)	(24.11)	(39.58)	33.50	-	-	(22.97)	13.56	(9.41)	-	**(319.16)**
Fair value of plan assets	303.67	-	24.11	24.11	(33.50)	(1.34)	-	-	-	(1.34)	24.63	**317.57**
Benefit (liability) / Assets	**-**	**(15.47)**	**-**	**(15.47)**	**-**	**(1.34)**	**-**	**(22.97)**	**13.56**	**(10.75)**	**24.63**	**(1.59)**
Post retirement medical benefit												
Defined benefit obligation	(49.50)	(2.75)	(3.92)	(6.67)	1.77	-	-	(8.88)	2.16	(6.72)	-	**(61.12)**
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	**-**
Benefit (liability) / Assets	**(49.50)**	**(2.75)**	**(3.92)**	**(6.67)**	**1.77**	**-**	**-**	**(8.88)**	**2.16**	**(6.72)**	**-**	**(61.12)**

March 31, 2019 : Changes in defined benefit obligations and plan assets

(Rs. In Crores)

		Cost charged to statement of profit and loss				Remeasurement gains/(losses) in other comprehensive income (OCI)					Contributions by employer	March 31, 2019
	April 1, 2018	Service cost	Net interest expense	Sub-total included in statement of profit and loss	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		
Gratuity												
Defined benefit obligation	(222.83)	(11.04)	(17.96)	(29.00)	20.23	-	-	(11.74)	(60.33)	(72.07)	-	(303.67)
Fair value of plan assets	222.83	-	17.96	17.96	(20.23)	(2.00)	-	-	-	(2.00)	85.11	303.67
Benefit (liability) / (Assets	-	(11.04)	-	(11.04)	-	(2.00)	-	(11.74)	(60.33)	(74.07)	85.11	**-**
Post retirement medical benefit												
Defined benefit obligation	(44.15)	(2.46)	(3.54)	(6.00)	1.05	-	-	(0.76)	0.36	(0.40)	-	(49.50)
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-
Benefit (liability) / Assets	(44.15)	(2.46)	(3.54)	(6.00)	1.05	-	-	(0.76)	0.36	(0.40)	**-**	(49.50)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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, 2020	Year ended March 31, 2019
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, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Discount rate	**6.89%**	7.94%	**6.81%**	7.92%
Future salary increase	**9% and 7% as per catagory**	7.00%	**N.A**	N.A
Medical Inflation Rate	**N.A**	N.A	**5.00%**	5.00%
Expected rate of return on plan assets	**6.89%**	7.94%	**N.A**	N.A
Employee Turnover Rate	**1.00%**	1.00%	**1.00%**	1.00%
Mortality rate during employment	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)
Mortality rate after employment	**N.A**	N.A	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)

A quantitative sensitivity analysis for significant assumption is as shown below:

(Rs. in Crores)

Particulars	Sensitivity Level	(increase) / decrease in defined benefit oblligation (Impact)			
		Gratuity		Post retirement medical benefit	
		Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Discount rate	1% increase	**(21.30)**	(18.72)	**(8.07)**	(6.26)
	1% decrease	**24.69**	21.41	**10.93**	7.88
Salary increase	1% increase	**24.41**	21.40	**N.A**	N.A
	1% decrease	**(21.46)**	(19.04)	**N.A**	N.A
Medical cost inflation	1% increase	**N.A**	N.A	**11.03**	8.04
	1% decrease	**N.A**	N.A	**(8.28)**	(6.47)
Employee turnover	1% increase	**(0.13)**	1.48	**(2.74)**	(2.25)
	1% decrease	**0.12**	(1.69)	**3.84**	2.65

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

The followings are the expected future benefit payments for the defined benefit plan :

(Rs. in Crores)

Particulars	Gratuity		Post retirement medical benefit	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Within the next 12 months (next annual reporting period)	**33.84**	33.44	**1.80**	1.58
Between 2 and 5 years	**124.77**	122.16	**9.70**	8.74
Between 6 and 10 years	**138.80**	147.97	**18.18**	16.98
Total expected payments	**297.41**	303.57	**29.68**	27.30

Weighted average duration of defined plan obligation (based on discounted cash flows) **(Years)**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Gratuity	**10**	8
Post retirment benefit obligation	**15**	16

The followings are the expected contributions to planned assets for the next year:

(Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Gratuity	**16.14**	15.47
Post retirement medical benefit	**-**	-

NOTE: 42 Investments in Subsidiary and Associates

(A) Details of Subsidiary and Associate company considered in the preparation of the Consolidated financial statements:

Name of Entity	Relationship	Place of Business	Ownership	
			March 31, 2020	March 31, 2019
Gujarat Ncode Solutions Limited	Subsidiary	India	**100.00%**	100.00%
Gujarat Green Revolution Company Limited	Associate	India	**46.87%**	46.87%

Note: Method of accounting of investments in subsidiary and associate Company is at cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(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 (Rs. In crore)	As % of consolidated profit and loss	Amount (Rs. In crore)	As % of consolidated other comprehensive income	Amount (Rs. In crore)
Parent Gujarat Narmada Valley Fertilizers and Chemicals Limited						
- Balance as at March 31, 2020	**98.53%**	**5,221.25**	**98.21%**	**498.90**	**100.00%**	**(142.30)**
- Balance as at March 31, 2019	98.64%	4,995.83	98.86%	741.17	100.00%	(61.53)
Indian Subsidiary						
Gujarat Ncode solutions Limited						
- Balance as at March 31, 2020	**0.00%**	**0.00**	**0.00%**	**0.00**	**0.00%**	**Nil**
- Balance as at March 31, 2019	0.00%	(0.04)	0.00%	(0.01)	0.00%	Nil
Indian associate						
Gujarat Green Revolution Company Limited						
- Balance as at March 31, 2020	**1.47%**	**78.04**	**1.79%**	**9.11**	**0.00%**	**Nil**
- Balance as at March 31, 2019	1.36%	68.93	1.14%	8.58	0.00%	Nil
Total						
- Balance as at March 31, 2020	**100.00%**	**5299.29**	**100.00%**	**508.01**	**100.00%**	**(142.30)**
- Balance as at March 31, 2019	100.00%	5064.72	100.00%	749.74	100.00%	(61.53)

(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 :

(Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Current assets	**558.14**	563.30
Non-current assets	**12.61**	17.59
Current liabilities	**(403.75)**	(433.44)
Non-current liabilities	**(0.51)**	(0.39)
Equity	**166.49**	147.06
Proportion of the group's ownership	**46.87%**	46.87%
Carrying amount of the group's investment	**78.04**	68.93

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Revenue	**40.53**	35.38
Changes in inventories of finished goods	**-**	-
Depreciation & amortization	**(1.14)**	(1.11)
Finance cost	**(0.07)**	-*
Employee benefit	**(8.14)**	(7.08)
Other expenses	**(5.23)**	(2.94)
Profit before Tax	**25.95**	24.25
Income tax expense	**(6.69)**	(7.24)
Profit for the year	**19.26**	17.01
Total Comprehensive income for the year	**19.26**	17.01
Group's share of profit for the year	**9.03**	7.98
Group's share of other comprehensive income for the year	**-**	-

* Amount nullified on conversion to Rs in crores.

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 Rs. 6 crore vide its Common Oral Order dated June 15, 2012.

The "Appointed Date" of the Scheme was 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 31.03.2020.

Necessary accounting treatment will be given in the books of accounts of the Company either on disposal of applications for transfer of Licences in the name of ING Satcom Limited by the competent authorities or on finalization of settlement of transaction with ING Satcom Limited. The amount received is classified under other current liabilities (refer Note 23).

NOTE: 43(B) - Demand Notice from Department of Telecommunication (DoT)

During the year, the Company has received updated Demand Notice of Rs. 16,359.21 crores from the Department of Telecommunications (DoT), Gujarat Telecom Circle, Ahmedabad, vide its letters dated February 17, 2020 (including of interest and penalty computed till March 31, 2020) towards license fee based on Adjusted Gross Rvenue(AGR) 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 amounting to Rs. 15,019.97 Crores (including of interest and penalty).

The Demand Notices have been issued by DOT in view of the Hon'ble Supreme Court of India judgement ('SC AGR Judgement')

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

on Adjusted Gross Revenue (AGR) in the matter relating to Telecom operators (TSPs) whereby initially the Hon'ble Supreme Court concluded that income under different heads of revenue / inflow fall within the definition of AGR and thus license fee is leviable on all revenue / inflow.

Against the aforementioned Demand Notices, the Company has made representations to the Controller General of Communication Accounts ('CCA'), New Delhi, on January 06, 2020, February 21, 2020 and April 03, 2020 in which the Company has refuted the demands being an unrelated matter to the terms and conditions of the V-SAT License valid till June 19, 2020 and ISP License which was valid till August 07, 2015 and that it is not satisfied with the assessment made by DOT for raising the Demand Notices and based on the facts and submission made in the representations, the aforementioned Demand Notices should be withdrawn. The Company was also not a party to the proceedings in SC AGR judgement and neither the facts peculiar to the Company placed before the Hon'ble Supreme Court in the matter relating to definition of AGR based on which the above demand notices was issued by DOT.

Recently, 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. In pursuance of this, on June 18, 2020 DoT has filed an affidavit with Hon'ble Supreme Court in respect of demand raised on PSUs the final outcome of which is likely to happen in subsequent hearing of Hon'ble Supreme Court. As at reporting date, Company has not received any update from DoT regarding the demand.

Earlier, on February 4, 2015 also, the Controller of Communication Accounts ('CCA'), Ahmedabad had raised demand notices for V-SAT and ISP Licenses for the period FY 2009-10 to FY 2013-14 aggregating to Rs 2,752 crores (inclusive of interest and penalty) on similar basis. Being aggrieved by the above demand notice, the Company filed two petitions with Telecom Disputes Settlement and Appellate Tribunal ('TDSAT') dated March 10, 2015 challenging the demands of DoT which were admitted by TDSAT and restrained DoT from taking any coercive action for the recovery of the demand of Rs 2,752 crores vide its Order dated March 13, 2015. The said matter is still pending before TDSAT.

Based on legal assessment the Company believes that it has good grounds on merit to defend itself in the above matter. Accordingly, the Company is of the view that no provision is necessary in respect of this matter.

NOTE: 44 - Recognision of Additional fixed cost Subsidy

During the financilal year 2018-19, the Company had written off unrealised subsidy balance of Rs. 127.38 crores, for past years up March 31, 2018, relating to compensation for additional fixed cost in terms of Modified NPS-III due to uncertainity to realise the claims as the same was neither acknowledged nor paid by the Department of Fertilizer (DoF) since notification in this matter on April 02,2014 and May 25, 2015. Further, the Company didn't recognised the subsidy amount of Rs. 58.12 crores (incl. Rs. 31.85 crores relating to FY 2018-19) in terms of Modified NPS-III, due to uncertainity, till the quarter ended December 31, 2019.

In view of Department of Fertilizers (DoF) notification dated March 30, 2020 removing ambiguities in modified NPS III relating to additional fixed cost, the Company has revisited its earlier stand on de- recognition of subsidy already accounted from April 01, 2014 till March 31, 2018. Accordingly, in the current year, the Company has recognised subsidy income relating to compensation for additional fixed cost in terms of Modified NPS-III amounting to Rs. 191.07 Crores (of which Rs 159.23 Crores pertains to the period April 1, 2014 to March 31, 2019).

Note: 45 Segment Information

Operating Segments

The identified reportable segments are Fertilizers, Chemicals and Others in terms of the requirements of Ind AS 108 "Operating Segments" as notified under section 133 of the Companies Act, 2013. Other Segment mainly includes Information Technology division activities and neem product related activities.

Identification of Segments:

The chief operational decision maker monitors the operating results of its Business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements, Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108.

Segment revenue and results:

The expenses and income which are not directly attributable to any business segment are shown as unallocable expenditure and unallocable income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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 45.1 : Financial information about the primary business segment's Revenue & Results : **(Rs. in Crores)**

		Fertilizers		Chemicals		Others		Total	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
A	**REVENUE:**								
	External sales revenue	**2,244.30**	1,985.94	**2,835.66**	3,780.90	**82.46**	129.18	**5,162.42**	5,896.02
	Inter-segment revenue	**-**	-	**-**	-	**-**	-	**-**	-
	Total Revenue	**2,244.30**	1,985.94	**2,835.66**	3,780.90	**82.46**	129.18	**5,162.42**	5,896.02
B	**RESULT:**								
	Segment result	**215.80**	(170.44)	**166.39**	902.69	**12.47**	23.29	**394.66**	755.54
	Unallocable income							**61.47**	103.85
	Unallocable expenses							**(26.03)**	(33.65)
	Operating profit							**430.10**	825.74
	Finance costs							**(5.27)**	(6.38)
	Profit before tax							**424.83**	819.36

45.2 : Financial information about the primary business segment's assets and liabilities : **(Rs. in Crores)**

Assets & Liabilities	Fertilizers As at		Chemicals As at		Others As at		Total As at	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
Segment assets	**2,928.82**	2,638.80	**2,646.42**	2,695.17	**188.89**	215.35	**5,764.13**	5,549.32
Segment liabilities	**(1,293.51)**	(1,216.52)	**(428.14)**	(368.20)	**(133.31)**	(124.27)	**(1,854.96)**	(1,708.99)
Other unallocable corporate assets	**-**	-	**-**	-	**-**	-	**2,654.53**	2,059.22
Other unallocable corporate liabilities	**-**	-	**-**	-	**-**	-	**(1,264.41)**	(835.52)
Total capital employed	**1,635.31**	1,422.28	**2,218.28**	2,326.97	**55.58**	91.08	**5,299.29**	5,064.73
Capital assets/ expenditure incurred during the year:								
Capital assets including capital work in progress	**30.23**	63.62	**51.52**	21.18	**0.21**	1.54	**81.96**	86.34
Other unallocable capital expenditures	**-**	-	**-**	-	**-**	-	**11.55**	31.07
Total	**30.23**	63.62	**51.52**	21.18	**0.21**	1.54	**93.51**	117.41

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note: 46 Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below. **(Rs. in Crores)**

Particulrs	FVTOCI Reserve		Retained Earnings		Total	
	Year Ended March 31, 2020	Year Ended March 31, 2019	Year Ended March 31, 2020	Year Ended March 31, 2019	Year Ended March 31, 2020	Year Ended March 31, 2019
Re-measurement losses on defined benefit plans (net of tax)	**-**	-	**(14.42)**	(48.45)	**(14.42)**	(48.45)
Net (loss) on FVTOCI on equty Investments (net of tax)	**(127.88)**	(13.08)	**-**	-	**(127.88)**	(13.08)
	(127.88)	(13.08)	**(14.42)**	(48.45)	**(142.30)**	(61.53)

Note 47 : Details of hedged and unhedged exposure in foreign currency denominated monetary items :

(a) Exposure in foreign currency - Hedged

(i) Amounts Payable in Foreign Currency :

Particulars	Hedged against	As at March 31, 2020			As at March 31, 2019		
		Rs. in Crores	Amount in FC		Rs. in Crores	Amount in FC	
Payables for import	Forward Contract	**122.68**	**USD**	**1,61,50,000**	0.00	USD	-
Payables for future import	Forward Contract	**37.37**	**USD**	**49,20,000**	0.00	USD	-
Payables for future import	Forward Contract	**6.15**	**Euro**	**7,31,585**	0.00	Euro	-

(b) Exposure in foreign currency - Unhedged

(i) Amounts payable in foreign currency :

Particulars	As at March 31, 2020			As at March 31, 2019		
	Rs. in Crores	Amount in FC		Rs. in Crores	Amount in FC	
Payables for import	**3.33**	**Euro**	**3,96,107**	17.81	Euro	22,71,992
Payables for import	**7.56**	**USD**	**9,95,871**	142.09	USD	2,04,56,597
Payables for import	**0.26**	**GBP**	**27,540**	0.07	GBP	7,540
Payables for import	**0.06**	**CHF**	**7,409**	0.04	CHF	5,418

(ii) Amounts receivable in foreign currency :

Particulars	As at March 31, 2020			As at March 31, 2019		
	Rs. in Crores	Amount in FC		Rs. in Crores	Amount in FC	
Receivables for export	**0.21**	**USD**	**28,600**	6.23	USD	9,13,013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

The following significant exchange rates have been applied during the year:

INR	Year end spot rate	
	March 31, 2020	March 31, 2019
USD 1	**Import - 75.96** **Export - 74.82**	Import - 69.46 Export - 68.24
EURO 1	**84.12**	78.37
GBP 1	**93.78**	90.85
CHF 1	**79.48**	70.05

Note 48 : Financial Instruments, Fair Value Measurements, Financial Risk and Capital Management :

48.1 : Category-wise classification of financial instruments: (Rs. in Crores)

Particulars	Refer Note	As at March 31, 2020			
		Fair Value through other Comprehensive income	Fair Value through profit or loss	Amortised cost	Carrying Value
Financial assets					
Cash and cash equivalents	13	-	-	**65.74**	**65.74**
Other bank balances	14	-	-	**123.26**	**123.26**
Investments in equity shares (other than investment in subsidiary & associate entity)	7	**594.68**	-	-	**594.68**
Investments in unquoted equity shares of subsidiary entity and associate entity	7	-	-	**78.04**	**78.04**
Trade receivables	10	-	-	**1,413.42**	**1,413.42**
Loans and advances	8	-	**121.08**	**165.00**	**286.08**
Derivatives instruments not designated as hedge	9	-	-	**4.59**	**4.59**
Other financial assets	9	-	**758.92**	**33.65**	**792.57**
Total		**594.68**	**880.00**	**1,883.70**	**3,358.38**
Financial liabilities					
Borrowings (including current maturities)	18 & 20	-	-	**858.64**	**858.64**
Trade payables	19	-	-	**513.40**	**513.40**
Lease liability	39	-	-	**1.85**	**1.85**
Other financial liabilities	20	-	-	**209.83**	**209.83**
Total		-	-	**1,583.72**	**1,583.72**

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Particulars	Refer Note	As at March 31, 2019			
		Fair Value through other Comprehensive income	Fair Value through profit or loss	Amortised cost	Carrying Value
Financial assets					
Cash and cash equivalents	13	-	-	164.25	164.25
Other bank balances	14	-	-	70.67	70.67
Investments in equity shares (other than investment in subsidiary & associate entity)	7	730.39	-	-	730.39
Investments in unquoted equity shares of subsidiary entity and associate entity	7	-	-	69.93	68.93
Trade receivables	10	-	-	1,240.19	1,240.19
Loans and advances	8	-	104.07	160.00	264.07
Other financial assets	9	-	-	34.29	34.29
Total		730.39	104.07	1,738.33	2,572.79
Financial liabilities					-
Borrowings (including current maturities)	18 & 20	-	-	207.93	207.93
Trade payables	19	-	-	394.75	394.75
Other financial liabilities	20	-	-	182.50	182.50
Total		-	-	785.18	785.18

48.2 : Fair value measurements :

a) Quantitative disclosures of fair value measurement hierarchy for financial assets and financial liabilities

The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities:

(Rs. in Crores)

Particulars	As at March 31, 2020				As at March 31, 2019			
	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 7)	**210.77**	**-**	**-**	**210.77**	321.51	-	-	321.51
Investment in unquoted equity investments measured at FVTOCI (refer Note 7)	**-**	**-**	**383.91**	**383.91**	-	-	408.88	408.88
Loans and advances (refer Note 8)	**-**	**-**	**121.08**	**121.08**	-	-	104.07	104.07
Derivative instruments (refer Note 9)	**-**	**4.59**	**-**	**4.59**	-	-	-	-
Total	**210.77**	**4.59**	**504.99**	**720.35**	321.51	-	512.95	834.46
Asset for which fair values are disclosed:								
Investment properties (refer Note 5)	**-**	**-**	**85.21**	**85.21**	-	-	85.25	85.25

*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, 2020

b) Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at March 31, 2020 and March 31, 2019 are as shown below:

Particulars	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
FVTOCI assets in unquoted equity shares (Gujarat State Petrolium Corporation Limited)	Discounted free cash flow method	Gas marketing business	10% increase (decrease) in the Gas marketing business would result in increase / (decrease) in fair value as of March 31, 2020 : Rs. 1.56 crore (Rs. 1.56 crore). {10% increase (decrease) in the Gas marketing business would result in increase / (decrease) in fair value as of March 31, 2019 : Rs. 6.69 crore (Rs. 6.69 crore).	
FVTOCI assets in unquoted equity shares (Gujarat Chemical Port Limited) (Formarly known as Gujarat Chemical Port Terminal Company Limited)	Market Approach - Comparable companies	Market Multiple Discount	31 March 2020 : 15% - 25% (20%) 31 March 2019 : 15% - 25% (20%)	5% increase / decrease in the market multiple discount would result in decrease (increase) in fair value as of March 31, 2020 : Rs. 19.87 crore (Rs. 19.87 crore) 5% increase / decrease in the market multiple discount would result in decrease (increase) in fair value as of March 31, 2019 : Rs. 20.97 crore (Rs. 21.16 crore)
		EBITDA (Rs. Crores)	31 March 2020 : Rs 315.20 crores - Rs. 348.36 crores (Rs.331.78 crores) 31 March 2019 : Rs 252.65 crores - Rs. 279.24 crores (Rs.265.95 crores)	Rs. 16.58 crore increase / decrease in the EBITDA would result in increase (decrease) in fair value as of March 31, 2020 : Rs. 15.82 crore (Rs. 15.82 crore) {Rs. 13.30 crore increase / decrease in the EBITDA would result in increase (decrease) in fair value as of March 31, 2019 : Rs. 16.92 crore (Rs. 16.74 crore)}
FVTOCI assets in unquoted equity shares (Bhavnagar Energy Company Limited)	As a consequances of merger of Bhavnagar Energy Company Limited (BECL) into Gujarat State Electricity Corporation Ltd (GSECL) vide Government of Gujarat notification dated August 27, 2018, the company has received one equity share of GSECL against the total number of shares held by it in BECL and thus Company does not hold any share of BECL as on March 31, 2020. As of March 31, 2019 Company had fair valued this investment to Zero value.			
FVTOCI assets in unquoted equity shares (Gujarat Venture Finance Limited)	Cost Approach - Net asset value	Share holders fund (Rs. Crores)	31 March 2020 : Rs 17.70 crores - Rs. 19.70 crores (Rs. 18.70 crores) 31 March 2019 : Rs 19.50 crores - Rs. 21.50 crores (Rs. 20.50 crores)	Rs. 1 crore increase / decrease in the shareholders fund would result in increase (decrease) in fair value as of March 31, 2020 by Rs. 0.02 crore (Rs. 0.02 crore) {Rs. 1 crore increase / decrease in the shareholders fund would result in increase (decrease) in fair value as of March 31, 2019 by Rs. 0.01 crore (Rs. 0.01 crore)}
		Discount to Book Value	31 March 2020 : 15% - 25% (20%) 31 March 2019 : 15% - 25% (20%)	5% increase / decrease in the discount to book value would result in decrease (increase) in fair value as of March 31, 2020 : Rs. 0.02 crore (Rs. 0.02 crore). {as of March 31, 2019 : Rs. 0.02 crore (Rs. 0.02 crore)}
FVTOCI assets in unquoted equity shares (Bharuch Enviro Infrastructure Limited)	Market Approach - Comparable companies	Market Multiple Discount	31 March 2020 : 15% - 25% (20%) 31 March 2019 : 15% - 25% (20%)	5% increase / decrease in the market multiple discount would result in decrease (increase) in fair value as of March 31, 2020 : Rs. 0.28 crore (Rs. 0.28 crore) {5% increase / decrease in the market multiple discount would result in decrease (increase) in fair value as of March 31, 2019 : Rs. 0.28 crore (Rs. 0.28 crore)}

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
		Consolidated PAT (Rs. Crores)	31 March 2020 : Rs 37.90 crores - Rs. 41.90 crores (Rs. 39.90 crores) 31 March 2019 : Rs 26.20 crores - Rs. 28.90 crores (Rs. 27.60 crores)	Rs. 2 crore increase / decrease in the consolidated PAT would result in increase (decrease) in fair value as of March 31, 2020 : Rs. 0.23 crore (Rs. 0.23 crore). {Rs. 1.40 crore increase / decrease in the consolidated PAT would result in increase (decrease) in fair value as of March 31, 2019 : Rs. 0.23 crore (Rs. 0.23 crore)}
FVTOCI assets in unquoted equity shares (Bharuch Dahej Railway Company Limited)	For March 31, 2020 - Net asset Value approach For March 31.2019 - Market Approach - Comparable companies	Market Multiple Discount	31 March 2020 : NA 31 March 2019 : 10% -20% (15%)	As of March 31, 2020 this unobservable input is not used for valuation. {5% increase / decrease in the market multiple discount would result in decrease (increase) in fair value as of March 31, 2019 : Rs. 1.46 crore (Rs. 1.37 crore)}
		Discount to Book Value	31 March 2020 : 20% - 30% (25%) 31 March 2019 : N.A	5% increase / decrease in the discount to book value would result in decrease (increase) in fair value as of March 31, 2020 : Rs. 0.57 crore (Rs. 0.57 crore) {As of March 31, 2019 this unobservable input is not used for valuation}
		EBITDA (Rs. Crores)	31 March 2020 :N.A 31 March 2018 : Rs 25.20 crores - Rs. 27.90 crores (Rs.26.50 crores)	As of March 31, 2020 this unobservable input is not used for valuation. {Rs. 1.30 crore increase / decrease in the EBITDA would result in increase (decrease) in fair value as of March 31, 2019 : Rs. 1.15 crore (Rs. 1.24 crore)}
		Share holders fund (Rs. Crores)	31 March 2020 : Rs 124.20 crores - Rs. 137.40 crores (Rs. 130.80 crores) 31 March 2019 : N.A	Rs. 6.60 crore increase / decrease in the shareholders fund would result in increase (decrease) in fair value as of March 31, 2020 by Rs. 0.76 crore (Rs. 0.76 crore). {As of March 31, 2019 this unobservable input is not used for valuation}
FVTOCI assets in unquoted equity shares (Ecophos GNFC India Private Limited)	As on March 31, 2020 the parent Company of M/s EcoPhos s.a. holding 85% in the JV has applied for bankruptcy hence the Company has Fair valued the investment as Rs. 1. (For detail refet Note 7) (As on March 31, 2019 company has valued such investment at face value following the cost approach.)			
FVTOCI assets in unquoted equity shares (Gujarat State Electricity Corporation Limited)	As a consequances of merger of Bhavnagar Energy Company Limited (BECL) into Gujarat State Electricity Corporation Ltd (GSECL) vide Government of Gujarat notification dated August 27, 2018, the company has received one equity share of GSECL against the total number of shares held by it in BECL and thus Company had valued such investment in GSECL as at March 31, 2020 at the face value of one share in GSECL (i.e. Rs. 10).			

c) Financial Instrument measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

48.3 : Financial Risk objective and policies:

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, deposits, investments, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds FVTOCI investments and enters into derivative transactions.

In the ordinary course of business, the Company is mainly exposed to risks resulting from exchange rate fluctuation (currency risk), interest rate movements (interest rate risk) collectively referred as Market Risk, Credit Risk, Liquidity Risk and other price risks such as equity price risk and commodity price risk. The Company's senior management oversees the management of these

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risks. It manages its exposure to these risks through derivative financial instruments by hedging transactions as required. It uses derivative instruments such as interest rate swaps and foreign currency forward contract to manage currency risk. These derivative instruments reduce the impact of both favourable and unfavourable fluctuations.

The Company's risk management activities are subject to the management, direction and control of the management of the Company under the guideline of the Board of Directors of the Company. The management ensures appropriate financial risk governance framework for the Company through appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The decision of whether and when to execute derivative financial instruments along with its tenure can vary from period to period depending on market conditions and the relative costs of the instruments. The tenure is linked to the timing of the underlying exposure, with the connection between the two being regularly monitored. The Company is exposed to losses in the event of non-performance by the counterparties to the derivative contracts. All derivative contracts are executed with counterparties that, in management's judgment, are creditworthy. The outstanding derivatives are reviewed periodically to ensure that there is no inappropriate concentration of outstanding to any particular counterparty.

Further, all currency and interest risk as identified above is measured on a daily basis by monitoring the mark to market (MTM) of open and hedged position. For year ends, the MTM for each derivative instrument outstanding is obtained from respective banks. All gain / loss arising from MTM for open derivative contracts and gain / loss on settlement / cancellation / roll over of derivative contracts is recorded in statement of profit and loss.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings, FVTOCI investments and derivative financial instruments. The sensitivity analysis in the following sections relate to the position as at March 31, 2020 and March 31, 2019.

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, 2020. 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, 2020 and March 31, 2019.

(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. During the previous year, the Company had repaid its long-term borrowings.

(ii) Foreign currency risk

Exchange rate movements, particularly the United States Dollar (USD) and Euro (EUR) against Indian Rupee (INR), have an impact on the Company's operating results. The Company manages its foreign currency risk by entering into 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 exchange and the details of unhedged exposures are given as part of Note 47.

The Company is mainly exposed to changes in USD and EURO. The below table demonstrates the sensitivity to a 5% increase or decrease in the respective foreign currency rates against INR, with all other variables held constant. The

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

sensitivity analysis is prepared on the net unhedged exposure of the Company as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate.

(Rs. in Crores)

Particulars	Impact on Profit before tax		Impact on Pre-tax Equity	
	For the year ended		For the year ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
USD Sensitivity				
RUPEES / USD – Increase by 5%	**(0.37)**	(6.79)	**(0.37)**	(6.79)
RUPEES / USD – Decrease by 5%	**0.37**	6.79	**0.37**	6.79
EURO Sensitivity				
RUPEES / EURO – Increase by 5%	**(0.17)**	(0.89)	**(0.17)**	(0.89)
RUPEES / EURO – Decrease by 5%	**0.17**	0.89	**0.17**	0.89

(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, and Denatured Ethyl Alcohol) which are imported by the Company and used in the manufacturing of Ammonium Nitro Phosphate and Ethyl Acetate. The import prices of these materials are governed by international demand and supply pattern. There is a price and material availability risk, which is managed by senior management team through sensitivity analysis, commodity price tracking.

(iv) Equity price risk

The Company's 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 Rs. 383.91 crore. Sensitivity analyses of these investments have been provided in Note 48.2(b).

At the reporting date, the exposure to listed equity securities at fair value was Rs. 210.77 crore. A decrease of 5% on the BSE market price could have an impact of approximately Rs. 10.54 crore on the OCI or equity attributable to the Group. An increase of 5% in the value of the listed securities would also impact OCI and equity. These changes would not have an effect on profit or loss.

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and other financial assets) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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 minimise 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 uncertainities 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 Rs.14.37 cores and Rs.8.96 crores as at 31st March, 2020 and 31st March, 2019 respectively. (Refer Note No. 10 for Trade Receivables outstanding).

The Company follows a 'simplified approach' (i.e. based on lifetime ECL) for recognition of impairment loss allowance on Trade receivables, other than those receivables from the Government of India. For the purpose of measuring lifetime ECL allowance for trade receivables, the company estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience in respect of certain categories of the customers. Individual trade receivables are written off when management deems them not to be collectible.

c) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and bank balances. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analyses derivative and non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

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(Rs. in Crores)

Particulars	Refer Note	On Demand	Less than 1 year	1 to 5 years	Over 5 years	Total
As at March 31, 2020						
Borrowings (including current maturities)	**18 & 20**	**475.66**	**382.98**	**-**	**-**	**858.64**
Trade payables	**19**	**-**	**513.40**	**-**	**-**	**513.40**
Lease liability	**39**	**-**	**1.18**	**0.65**	**0.02**	**1.85**
Other financial liabilities	**20**	**-**	**209.83**	**-**	**-**	**209.83**
Total		**475.66**	**1,107.39**	**0.65**	**0.02**	**1,583.72**
As at March 31, 2019						
Borrowings (including current maturities)	18 & 20	55.01	152.92	-	-	207.93
Trade payables	19	-	394.75	-	-	394.75
Other financial liabilities	20	-	182.50	-	-	182.50
Total		55.01	730.17	-	-	785.18

48.4 : Capital Management:

For the purposes of the Company's capital management, capital includes issued capital and all other equity. The primary objective of the Company's capital management is to maximize shareholder value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Company monitors capital using gearing ratio, which is net debt (total debt less cash and bank balance) divided by total capital plus net debt.

(Rs. in Crores)

Particulars	March 31, 2020	March 31, 2019
Total Borrowings (refer note 18 and 20)	**858.64**	207.93
Less: Cash and bank balances (refer Note 13 and 14)	**189.00**	234.92
Net Debt (A)	**669.64**	(26.99)
Total Equity (B)	**5,299.29**	5,064.73
Total Equity and Net Debt (C = A + B)	**5,968.93**	5,037.74
Gearing ratio	**11%**	-

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period. No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

Note 49 : Impairment Assesment

One of the key industrial products i.e. Toluene Di Isocyanate (TDI) has witnessed very sharp price erosion since mid of financial year 2018-19 and has continued its downward spiral till March 31, 2020 and still is yet to recover. Since the Company has made heavy investments in TDI-II facilities at Dahej, it has in pursuance of "Indian Accounting Standard (Ind AS - 36) - Impairment of Assets" carried out impairment assessment of its TDI Dahej plant. The recoverable amount of the relevant assets has been determined on the basis of their value in use. In estimating the future cash flows, management has based on externally available information, made

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

certain assumptions relating to the future raw material prices, future TDI prices, operating parameters and the assets useful life which management believes reasonably reflects the future expectation of these items. The Company has also carried out sensitivity analysis of the assumptions used while estimating the future cash flow to derive the value in use. Accordingly the management has concluded that no impairment is required to be recognised in respect of the TDI Dahej Plant during the year ended March 31, 2020. However the assumptions on which the assessment was made are being monitored on a periodic basis by the management.

Note 50 : Impact of COVID-19

The outbreak of Coronavirus (COVID -19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. In India, the nation-wide lockdown was announced from March 25, 2020 due to COVID-19 pandemic. The lockdown has impacted the demand for the Company's products & services especially, the industrial products. The demand in overseas market is also severely impacted due to COVID-19. For the year ended March 31, 2020, the Company's operations were scaled down by the management in the last week of March, 2020 given the demand scenario in the market. The Company was quick in restoring the operations ensuring health, safety and well-being of its employees in the given scenario and COVID-19 has not impacted the Company's operations for the year ended March 31, 2020.

Further, the Company has also assessed the impact of this pandemic on recoverability of the carrying amount of inventories, tangible assets, intangible assets, trade receivables, investments and other financial asset as at balance sheet date using various internal and external information. The management has also performed sensitivity analysis on the assumptions used and based on present estimates it believes that the carrying amount is considered to be recoverable and accordingly no further adjustments are required in the financial statements. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and the Company continues to monitor the changes in future economic conditions. Further the Company has zero long term debt outstanding as at March 31, 2020 and has substantial working capital lines which are available, should the need arise.

The management does not see any risk in the ability to continue as a going concern and meeting its liabilities as and when they fall due. However the actual impact of COVID-19 on the Company's financial statements may differ from that estimated.

Note 51 : 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 July 10, 2020, there were no material subsequent events to be recognized or reported that are not already previously disclosed.

For and on behalf of the Board of Directors,

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

Place : Bharuch
Date : July 10, 2020

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

per Ravi Bansal
Partner
Membership Number: 049365

Place : Mumbai
Date : July 10, 2020

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	Profit 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	Nil
2	Names of Subsidiaries which have been liquidated or sold during the year	Nil

PART "B": Associates and Joint Ventures

Statement pursuant to Section 129(3) of the companies Act, 2013 related to Associate Company and Joint Ventures

	Name of Associates	**Gujarat Green Revolution Company Limited**
1	Latest audited Balance Sheet Date	31/03/2019
2	Shares of Associates held by the company on the year end	
	No.	12,50,000
	Amount of Investment in Associates (Rs.)	1,25,00,000
	Extent of Holding %	46.87%
3	Description of how there is significant influence	Holding more than 20% of the total capital
4	Reason why the Associate is not consolidated	Not Applicable
5	(i) Networth attributable to shareholding as per latest audited Balance Sheet as on 31-03-2019 (Rs.)	68,93,19,415
	(ii) Networth attributable to shareholding as per latest unaudited Balance Sheet as on 31-03-2020 (Rs.)	78,03,72,635
6	Unaudited Profit / (Loss) for the FY 2019-20 (Rs.)	19,26,56,792
	i. Considered in Consolidation (Rs.)	9,10,53,198
	ii. Not Considered in Consolidation (Rs.)	-

1	Name of Associates which are yet to commence Operation	Nil
2	Names of Associates which have been liquidated or sold during the year	Nil

For and on behalf of the Board of Directors,

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

Place : Bharuch
Date : July 10, 2020

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INDUSTRIAL PRODUCTS PROFILE

Sr. No.	PRODUCT(S)	APPLICATION(S)
1	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)
2	Aniline	Acetanilide, Antioxidants, Herbicides, Pigments, Rubber Chemicals: Vulcanizing Agents, Photographic Chemicals: Hydroqumone, Pharmaceutical, Isocyanantes: MDI
3	Acetic Acid (Glacial)	Acetic Anhydride, Vinyl Acetate Monomer(VAM), Purified Te-rephthalic Acid(PTA), Monochloro Acetic Acid, Acetates, Dyes & Dye Intermediates
4	Ethyl Acetate	Solvent in Printing Inks, Paints and Coating, Laminates, Flexible, Packaging, Aluminium Foil, Pestcides, Flavour in Pharmaceuticals, Varnishes, Synthetic Fruit Essence, Perfumes, Photographic Films and Plates, Adhesives and Pharmaceuticals
5	Nitrobenzene	Aniline,Antioxidants, Herbicides, Pigments,Rubber Chemicals: Vulcanizing Agents, Photographic Chemicals: Hydroquinone
6	Formic acid	Coagulant for obtaining rubber from latex, Fixing of dyes in leather industry, Pesticides, Vulcanization Accelerators, Electroplating,Construction Chemicals
7	Methyl Formate	Di Methyl Formamide (DMF), Formic Acid, Pharmaceuticals, Metal Foundries, Fumigant & Larvicide for Tobacco, Formulations of Synthetic Flavors
8	Concentrated Nitric Acid (CNA)	Aniline, TDI, Dyestuff & Dye Intermediates, Explosives
9	Weak Nitric Acid (WNA)	Nitrobenzene, CNA, Dyestuff & Dye Intermediates, Explosives, Metal cleaning
10	Ammonium Nitrate (Melt)	Explosives, Herbicides & Insecticides
11	Methanol	Acetic Acid, Formaldehyde, Chloromethane, Pesticides, Methyl Amines, Paints, Insecticides
12	Neem Oil	Coating of Urea, Pesticides, Cosmetics, Medicine
13	Technical Grade Urea	Cattle feed, Pigments, Dyes, Fuel additives
	OTHER PRODUCTS	
1	Calcium Carbonate	In Cattle feed, Water treatment, Neutralization of Acidic Effluent, Cement Industry
2	Dilute Sulfuric Acid	Ferric Alum, Fertilizer, Textile
3	Hydrochloric Acid	Chemical Reagent, Production of gelatin, Household cleaning, Metal Pickelings, Textiles, Dye, Intermediates, DCP
4	Meta Toluene Diamine (MTD)	Monomer, Chain extender, Cross linker, Rubber Chemical & dyes, Polyamides,' Polymides, TDI
5	Ortho Toluene Diamine (OTD)	Polyols, Antioxidants, Corrosion Inhibitors, Rubber Chemicals, Dyes
6	Sodium Hypo Chlorite	Disinfectant, Bleaching Agent, Water Treatment.

CORPORATE SOCIAL RESPONSIBILITY

Development Activities in Paguthan School

Development of Shed for Children in Paguthan School

Livelihood Enhancement Project - VTC Project

Support to Meritorious Students of Bharuch

Providing Food Packets to needy people of Bharuch during COVID-19

GNFC
MAKING A CLEANER CONTRIBUTION IN THE FIGHT AGAINST COVID-19 IS IN YOUR HANDS
neo neem
Be pure Live pure
neo neem
Be pure Live pure
HAND SANITIZER
Germ-free, Clean Hands
Contains Virgin Neem Seed Oil
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Be pure Live pure
HAND WASH
Soft on Skin, Strong on Germs
Contains Virgin Neem Seed Oil
neo neem
Be pure Live pure
Nourish your Skin Naturally
Body Soap with 21% Neem Seed Oil
Highest Percentage of Virgin Neem Seed Oil
neo neem
Be pure Live pure
LET'S MAKE HANDWASHING PART OF OUR DAILY REGIMEN

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(An ISO 14001 & ISO 45001 Company)

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P.O. Narmadanagar - 392 015, Dist. Bharuch, Gujarat, INDIA
Ph. : (02642) 247001, 247002 **Fax :** (02642) 247084 **Website :** www.gnfc.in