PPL/AGM/2022

August 19, 2022

The Asst. Vice President,
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E)
MUMBAI - 400 051

Department of Corporate Services - CR
BSE Limited,
Floor 25, Phiroze Jeejeebhoy Towers,
Dalal Street
MUMBAI - 400 001

Dear Sir/Madam,

| | |
|---|---|
| Company's Scrip Code in BSE | : 543530 |
| Company's Symbol in NSE | : PARADEEP |
| ISIN | : INE088F01024 |

**Sub: Notice of the 40th Annual General Meeting & Annual Report for the FY 2021-22**

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements), 2015, please find enclosed the Notice of the 40th Annual General Meeting scheduled to be held on September 12, 2022 at 4.30 P.M through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM") and the Annual Report of the Company for the Financial Year 2021-22.

The said Notice and Annual Report are also placed on the website of the Company www.paradeepphosphates.com.

We request you to take the above on record.

Thanking You,

Yours faithfully,
**For Paradeep Phosphates Limited**

Sachin Patil
Company Secretary

Encl: As above

**PARADEEP PHOSPHATES LIMITED**
CIN No.: L24129OR1981PLC001020
Bayan Bhawan, Pandit J N Marg, Bhubaneswar - 751001
Tel: +0674 666 6100 Fax: +0674 2392631
www.paradeepphosphates.com

PPL

Paradeep Phosphates Limited


# NOURISHING THE FUTURE - FEEDING THE NATION

Annual Report 2021-22

## Disclaimer

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# ABOUT US

Charting a victorious path for itself right from inception and growing by leaps and bounds in success with every single step taken, Paradeep Phosphates Ltd (PPL) today is one of the leading companies in the country engaged in manufacturing, trading, distribution and sales of a variety of complex fertilizers, thus playing an invisible yet critical role of helping farmers and enriching the functioning of the agricultural sector of our economy.

**The company is the second largest private sector manufacturer of non-urea fertilizers in India as well as the second largest private sector manufacturer in terms of Di-Ammonium Phosphate (DAP) volume sales. The company's site at Paradeep is the second largest private sector producer of phosphoric acid in the country, producing 14% of nation's output.**

2.85 MMTPA
Production Capacity

8 Million
Farmers

16 States
Geographical Presence in India

₹7,859 Crore
Operating Revenue

Incorporated in 1981, the manufacturing plant of PPL is strategically located near the port in Paradeep in the state of Odisha, which endows logistical advantage to the company. With the recent slump sale acquisition of the fertiliser plant of Zuari Agro Chemical Ltd (ZACL) at Goa, PPL now has operational and administrative advantages, along both the coasts of India.

PPL exults in the fact that, in India, where the agricultural sector provides employment to close to 42% of the population, it has had a strong involvement in the socio-economic development of the country. Enhancing the lives of approximately 8.1million famers over an expanse of 16 states predominantly in eastern, western and southern India, the company relentlessly focuses on quality as well as timely delivery of its products, through its flagship brands – 'Navratna' and 'Jay Kisan – Navratna'.

With deep backward integration as its forte and with an added advantage of being self-sufficient in power generation, PPL today is one of the most competitive players in the industry, and has to its credit to being the largest single location phosphatic plant of India. As of June 2022, PPL has the capacity to manufacture 2.85 MMTPA of finished fertilizers.

PPL is listed on both Bombay Stock Exchange and National Stock Exchange of India. After the listing of the company in May 2022, Zuari Maroc Phosphates Private Limited (ZMPPL) is the holding company of PPL with a stake of 56.1%, Retail holds 15.79% and the balance is held by FIIs, DIIs and Corporate Bodies.

Steered by a proficient and strong leader board having vast experience, and with an effective corporate governance ensuring maximum returns to all the stakeholders, PPL is uniquely placed such that it shares goals with each farmer in the country to increase productivity and make our agricultural systems more sustainable.

# OUR VALUE CHAIN

## Sourcing and Backward Integration

PPL has strong relationships with its suppliers. PPL sources raw materials locally as well as from Morocco, Jordan, Qatar and Saudi Arabia, amongst others. Primary raw materials are phosphate rock, ammonia, phosphoric acid, sulphur and muriate of potash. For ensuring stable supply, the company has entered into long-term supply agreements with its suppliers

The company has a backward integrated manufacturing process by producing the two other key raw materials by value, Phosphoric acid and Sulphuric acid. We manufacture Phosphoric acid and Sulphuric acid at our production plants. In FY22, FY21 and FY20, we produced 37.35%, 43.11 % and 40.11% of our total raw material requirements by value from our plant.

## Quality Control

We place great emphasis on quality assurance and product safety at each step of the production process, right from the procurement of raw materials until the finished product is packaged and ready for distribution. We ensure that the quality of our products meets the expectation of our customers and achieves maximum customer satisfaction. The raw materials and finished products pass through a rigorous testing process at our 'Quality Control Laboratory'. The QC laboratory is equipped with state-of-art equipments. In addition to in-house testing, we also send samples to NABL accredited and national laboratories to crosscheck the quality parameters.

## Research & Development

We have a research and development centre in Paradeep, Odisha. As of March 31, 2022, our research and development team consisted of 31 employees at our manufacturing facility, within our quality control laboratory. It is recognized by the Department of Scientific and Industrial Research, Government of India with effect from September 25, 2014 and the certificate has been renewed up to March 31, 2023.

## Production Process

The company's Paradeep Plant is located in Paradeep, Odisha, and includes 4 trains of DAP and NPK production, 3 Sulphuric acid production plants, 3 captive power plants and a large Phosphoric acid production plant. Sulphuric and Phosphoric acids are used to manufacture DAP and NPK. As of March 31, 2022, the total annual granulation capacity of DAP and NPK production plants was approximately 1.50 million MT; and total annual installed capacity of Sulphuric acid, and Phosphoric acid production plants was approximately 1.30 million MT; and 0.30 million MT respectively. In addition, the plant has three operational concentrators to concentrate weak Phosphoric acid into strong Phosphoric acid.

The company's Goa fertiliser plant is strategically located close to the Mormugao port and includes two NPK production plants (NPK A and NPK B), an Ammonia production plant and a Urea production plant

## Sales & Marketing

The company's products are sold through a strong sales & marketing network of regional marketing offices and above 600 stock points across the sixteen states. The network comprises of 5,322 dealers and over 72,925 retailers, catering to over 8 million farmers in India.

## Farmers

There are over 8 million farmers as end user of PPL products. The Company, through its mission 'Serving Farmers Saving Farming', trains the farmers to increase their level of income through various income-generating schemes in order to educate farmers on complete agronomic solutions and raise the contributions of the agricultural sector, at no cost. Our Company also provides training to farmers on scientific crop management practices. We have a team of dedicated 100 field workers across 16 states.

# LANDMARKING OUR JOURNEY

**1981**

**01**

Paradeep Phosphates Ltd (PPL) incorporated as a joint venture between the Government of India (GoI) and the Republic of Nauru (RN) at Paradeep, Orissa.

**1986**

**02**

Commissioning of di-ammonium phosphate plant (Phase I)

**1992**

**03**

Commissioning of sulphuric acid plant, phosphoric acid plant and captive power plant (Phase II)

**1993**

**04**

With the divestment of Republic of Nauru's stake, PPL became a public sector enterprise.

**2002**

**05**

Government of India disinvested 74% of its stake in PPL to Zuari Maroc Phosphates Private Limited (ZMPPL). ZMPPL is a joint venture of Zuari Agro Chemicals Limited (ZACL) and the Moroccan OCP Group S.A.

**2003**

**06**

Rights issue entirely subscribed by ZMPPL, increasing its stake to 80.45% of the paid-up equity share capital

**2022**

**07**

PPL completed the ₹ 1500cr IPO. Government of India exited the company completely. The issue was subscribed 1.75 times, with a QIP subscription of 3.01 times. Post listing, ZMPPL holds 56.10 % of the company, Retail holds 15.79 % and the balance is held by marquee DIIs, FIIs and Corporate Bodies.

**2022**

**08**

Acquired the Goa Fertilizer Plant of ZACL via a slump sale.

# CORPORATE INFORMATION

## Board of Directors

**Mr. S. K. Poddar**
Chairman

**Mr. N. Suresh Krishnan**
Managing Director

**Ms. Kiran Dhingra**
Independent Director

**Mr. Marco Wadia**
Independent Director

**Mr. Mohamed Soual**
Director

**Mr. Karim Senhadji**
Director

**Mr. Satyananda Mishra**
Independent Director

**Mr. Dipankar Chatterji**
Independent Director

**Mr. Subhrakant Panda**
Independent Director

## Senior Executives

**Mr. Sabaleel Nandy**
President & Chief Operating Officer

**Mr. Harshdeep Singh**
Chief Commercial Officer

**Mr. Raj Kumar Gupta**
Chief Procurement Officer

**Mr. Pranab Bhattacharyya**
Chief Manufacturing Officer &
Unit Head, Paradeep Plant

**Mr. Nilesh Dessai**
Chief Manufacturing Officer & Unit
Head, Goa Plant

## Chief Financial Officer

**Bijoy Kumar Biswal**

## Registered Office

5th Floor, Bayan Bhavan,
Pandit Jawaharlal Nehru Marg,
Bhubaneswar - 751 001, Odisha

## Corporate Office

3rd Floor, Adventz Centre, 28,
Union Street, Off. Cubbon
Road, Bengaluru 560 001,
Karnataka, India

## Plant Site

**Paradeep Unit:**
PPL Township
Paradeep - 754 145
Dist. - Jagatsinghpur, Odisha

**Goa Unit:**

Jai Kisaan Bhawan
Zuarinagar – Goa
403726

## Company Secretary & Compliance officer

**Mr. Sachin Patil**

## Corporate Identification Number

**L24129OR1981PLC001020**

## Auditors

M/s. BSR & Co. LLP
Chartered Accountants
Godrej Waterside, Unit No. 603, 6th
Floor, Tower1, Sector V, Salt Lake,
Kolkata,
West Bengal- 700091, India

## Bankers

State Bank of India
Canara Bank
Punjab National Bank
HDFC Bank Limited
ICICI Bank Limited
Axis Bank Limited
DBS Bank India Limited
Bank of India
Coöperatieve Rabobank U.A.

## Registrars & Share Transfer Agents

Link Intime India Private Limited
C-101, 1st Floor, 247, Lal Bahadur
Shastri Marg,Vikhroli (West),
Mumbai 400 083
Maharashtra, India
Tel: +91 22 4918 6200\
Email: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

# PRODUCTION CAPABILITIES - PARADEEP PLANT

**Paradeep plant is the second largest private sector producer of Phosphoric acid in the country, producing 14% of the nation's output.**

Paradeep Plant is located in the port town of Paradeep, Odisha, India. It is a dedicated phosphatic manufacturing facility, with deep backward integration capabilities. It is also one of the largest single-location phosphatic plants of the country. The plant has a finished fertilizer production capacity of 1.65 million MT. Paradeep plant has its own all-weather captive berth at Paradeep port with 14 meters draft with facilities to unload solid and liquid cargo. Being self-sufficient on power, it has a captive power generation capability of 55MW.

**Key Highlights**

- Paradeep Facility is strategically located close to the port of Paradeep and has 4 DAP/NPK trains.
- It owns a dedicated berth in the port and a 3.4 km long concrete conveyor belt that ship raw material (RM) directly into the plant.
- It has a captive power plant, a railway siding, infrastructure to store raw materials and finished goods and a bagging plant.
- It has four trains of DAP and NPK production, three Sulphuric acid production plants, three captive power plants and a large Phosphoric acid production plant. Sulphuric and Phosphoric acids are used to manufacture DAP and NPK.
- The plant also has three operational concentrators to concentrate weak Phosphoric acid into strong Phosphoric acid.
- Strong presence in the eastern, central and southern India

**Products**

Di-Ammonium Phosphate (DAP), Zypmite, Phospho-gypsum and Hydroflorosilicic Acid (HFSA).

Three grades of NPK (NPK-10, NPK-12, NP-20)

## Capacities

**1.65** million MT
DAP /NPK

**1.39** million MT
Sulphuric acid

**0.30** million MT
Phosphoric

# PRODUCTION CAPABILITIES - GOA PLANT

**According to the CRISIL Report titled 'Assessment of Fertílizer industry in India, 2022, only 6 out of 46 fertilizer plants in India have co-located facilities manufacturing both Phosphatic fertilizers and Urea. Goa Facility is one of them.**

The company's Goa fertiliser plant, established in 1973 was a result of a financial and technical partnership between the House of Birlas, US Steel Corporation (USX), International Finance Corporation, and the Bank of America. The design, engineering, and construction of the plant were carried out by Toyo Engineering Japan. Goa plant is located in Zuarinagar, Goa, India enabling Strong presence in the western and southern India. The plant is into manufacturing, distribution and sales of various complex and nitrogenous fertilizers (urea). It is a unique plant with co-located ammonia-urea and phosphatic manufacturing facilities. PPL acquired the ZACL Fertilizer unit at Goa via a slump sale in Jun 2022 to avail the following benefits. The plant has access to the markets of Maharashtra, Karnataka, MP, Chattisgarh and Telangana, and access to the products and brand 'Jai-Kisaan' of ZACL. The primary raw materials manufactured include RLNG, Phosphoric acid, MOP, Ammonia and Urea.

**Key Highlights**

- This facility is strategically located close to the Marmagao port and includes two NPK production plants (NPK A and NPK B), an Ammonia production plant and a Urea production plant.
- The facility is based on slurry granulation technology and uses the newest in pipe reactor technology.
- It also has a captive power plant, a railway siding, infrastructure to store raw material and finished goods and a bagging plant.

**Products**
Urea, DAP, Five grades of NPK [NPK-10, NPK-12, NPK-14, NPK-19 (Only manufacturer in India) NPK-28]

## Capacities

**0.8** million MT
DAP /NPK

**0.4** million MT
Urea

**0.23** million MT
Ammonia

# MANAGEMENT MESSAGES

"Growth is never by mere chance; it is the result of forces working together.

And the growth fable of Paradeep Phosphates Limited is the result of the forces of teamwork, dedication and efforts of our entire team working cohesively towards a unified goal.

Today, PPL has positioned itself at a point, where we confidently march towards the future with an outstanding past performance at the backdrop."

**S. K. Poddar**
Chairman

"Our key strengths set us apart in our industry, and we continue to strengthen our market position by exploring acquisition opportunities, expanding and diversifying product portfolio mix and increasing our sales and distribution network.

Our primary aim is to provide balanced fertilization to the soil through varying mixes of nutrients. The company is involved in the manufacture and distribution of macro nutrients such as Nitrogen, Phosphorus, Potassium, Sulphur and Zinc for optimum plant growth, yield and quality. It is also engaged in the trading of Muriate of Phosphate and Ammonia."

**N Suresh Krishnan**
CEO & Managing Director

# MESSAGE FROM THE CHAIRMAN

**Dear Shareholders,**

As I put forward to you the annual report of the company for the financial year 2021-22, the first one after the company's shares have been listed on the two stock exchanges in India, I experience a concoction of emotions, from humble pride to profound gratitude to inspired confidence. It has been no easy task to reach where we are today, and I am encouraged to achieve more.

**Macro Scenes**

2021-22 was a harbinger of challenges galore, impacting people and businesses in varied yet alarmingly similar ways. After a head-on encounter with the multiple waves of the pandemic, a brief period of optimism in the world was followed by a threat by the geo-political issues arising out of the Ukraine Russia tussle. A blend of the repercussions of the pandemic and the conflict has had far reaching impact on all sectors across the globe. The vicious trend beginning with supply chain distortions leading to a deficit in the supply of essential commodities like crude oil, edible oil and food grains, in turn leading to their prices sky-rocketing, has had a cascading effect on the inflation levels rising beyond target levels and interest rates getting hiked consequentially.

India is also attempting to cut the Gordian knot, with various fiscal and monetary measures being undertaken by RBI. However, our country is better placed than most other nations primarily because it is a demand driven economy and is blessed with economically strong fundamentals, a better than normal monsoon this year, continued import of crude oil from Russia despite the ongoing clashes and encouraging policies like Production Linked Incentives (PLI), push for the creation of infrastructure and expansion of capital expenditure, that will help India sail through the challenges with minimal impact.

**The Triangle of Food, Hunger and Environment**

The past century has seen human welfare being enhanced by leaps and bounds. Quantum advances in technology has made it possible for societies and industries to radically innovate and improvise, with augmented productivity. Nevertheless, creating and co-existing in a world free from 'hunger' still remains an unfulfilled global dream. The enormous divide between the haves and have nots exists in many parts, making basic amenities including food, inaccessible to the great many.

Agriculture has the potential to bridge this divide but doing so in an economically, socially and environmentally sustainable manner is the need of the hour. Increasing agricultural productivity by increasing per hectare yield with the use of fertilizers, more often than not is accompanied with increased Green House Gas (GHG) emissions and deforestation, resulting in climate change with its detrimental ramifications.

**The 4 Fundamental A's of Food Security – Availability, Accessibility, Acceptability and Adequacy**

The role of fertilizers in food security cannot be undermined. In either a direct or an indirect way, Fertilizers ensure that -

Food is ***Available***,

Food that is Available is also ***Accessible***,

Food that is Accessible is also ***Acceptable***,

Food that is Acceptable is also ***Adequate***.

It is the joint responsibility of the government and all the stakeholders to achieve these 4 elements, and it is a privilege that PPL is making a gradual yet significant contribution towards this.

Thus, devising and implementing sustainable agricultural systems to meet the world's growing demand for food is a major area of work that people and their innovations need to focus on, in line with the global two-fold goal of Zero Hunger and Zero Emissions by 2030.

**Fertilizers – Nourishing the Soil, Feeding the Future**

It is said that "If a nation cannot take care of its soil, it tends to destroy itself" Soil health is a crucial factor in the development of the economy and fertilizers are quintessential for soil health.

Better soil quality results in better plant health which in turn implies better human health. Soil forms the nucleus of our industry, and it is not a misnomer that the success of agriculture depends on the success of the fertilizer industry. Fertilizers promote higher crop yields and more nutritious food, thus indirectly impacting food security concerns.

**ESG - Turning Theory into Action**

Fertilizers are fundamental to agriculture as they supply the perfect amount of required nutrients to the soil but our challenge is to feed the world sustainably. Hence, ***sustainable*** fertilizer production is the key to increasing our industry's efficiency whilst reducing emissions.

As an organization, PPL strives to achieve balance in the imbalanced progress of humanity, that has been made over the years, without impacting the environment. Prevention and control of water and air pollution, environmental protection, hazardous waste management and noise pollution has been on our agenda since long, and we are bound by the laws and regulations with regards to discharge, emission, storage, handling and disposal of a variety of substances that may be either inputs or output to/ of our operations. Our initiatives on energy efficiency, clean technology, renewable energy, water conservation, zero effluent discharge policy are tiny yet significant steps towards greening our future world.

**State-of-Affairs at Home**

Despite the declining proportion in the country's GDP, agriculture and allied activities continue to employ about 50% Indian population, predominantly in rural areas.

The production of food grains is on the upward growth trajectory from 295 Mn tonnes in FY20 to 310 Mn tonnes in FY21 reaching 314 Mn tonnes in FY22, indicating that the agriculture sector maintained resilience even during the COVID-19 period. Similarly, the production of pulses, oil seeds and sugar cane in FY22 was higher than the production in two previous years.

Demand for fertilizers is derived from agriculture. India's population has been rising continuously requiring increased production of food grains and other items. The rising population and shrinking availability of agricultural land due to urbanisation and industrialisation have been compelling higher productivity per acre. Increasing the use of fertilizers appears as the most viable option to raise the agricultural output. These dynamics indicate continued demand for fertilizers in the foreseeable future.

Further, India has been importing fertilizers to the extent of approximately 35% of its consumption. This assures adequate demand for domestic fertilizers in long term.

Higher subsidy, rising rural incomes, availability of credit, deployment of technologies like IoT, increasing corporate farming, rising awareness of the farmers about the importance of fertilizers, and better minimum support prices have been playing a crucial role in increasing the consumption of fertilizers.

All these factors have led to projecting the demand for fertilizers to rise at a CAGR of 1.5 – 2.5% from 61 Mn tonnes in 2021 to 68 Mn tonnes by 2026.

**For Whom the Bells Toll to the Scaling up Act**

In addition to the listing of the company's shares, there have been a couple of major developments after the end of FY22, which I want to briefly share with you before touching upon the annual financial performance.

On 1 June 2022, the Company acquired the Goa fertilizer plant from our group company, Zuari Agro Chemicals Limited, on a slump sale basis for ₹ 1,126.32 crores. This acquisition will help the company grow inorganically and reach out to new markets.

- ***Initial Public Offer***

The Company has completed the Initial Public Offer (IPO) comprising a fresh issue of shares amounting to ₹ 1,004.00 crores and an Offer For Sale (OFS) of shares amounting to ₹ 497.73 cr. The OFS comprised 11,24,89,000 equity shares by the Government of India amounting to ₹ 472.45 cr and 60,18,493 equity shares by Zuari Maroc Phosphates Pvt Ltd amounting to ₹ 25.28 cr.

The Equity Shares of the company have been listed on 27 May 2022, thereby increasing the number of listed companies in the Adventz group.

- ***Divestment of shares by the Government of India***

Through the Offer For Sale, the government divested 19.55% of its shareholding in the company. This is the divestment of the residual stake after the stake sale of 74% in 2002. After this second round of disinvestment by the government, the company became fully a private company.

- ***Acquisition of Goa fertilizer plant***

On 1 June 2022, the Company acquired the Goa fertilizer plant from our group company, Zuari Agro Chemicals Limited, on a slump sale basis for ₹ 1,126.32 crores. This acquisition will help the company grow inorganically and reach out to new markets. Part of the IPO proceeds would be utilised to fund the acquisition.

**Sustained Nourishment in FY22**

During the year under review, the consolidated operating revenue jumped 52.2% to ₹ 7,858.72 crores from ₹ 5,164.73 crores in FY21. Net profit increased substantially by 78.5% to ₹ 398.45 crores from earlier year's ₹ 223.26 crores. The increased profit has been the result of higher volumes, lower finance costs and other factors.

**Corporate Social Responsibility – Reciprocating back**

Navratna Prayas, a project that impacts almost 50,000 lives every year, is the company's route towards catalyzing Inclusive Growth.

At Paradeep Plant, we are closely working with communities in 30 villages in the periphery of the plant covering 10,000 households, addressing issues relating to Livelihoods, Education, and Health (WaSH -Water, Sanitation and Hygiene) with a special focus and involvement of women and children. These projects have been implemented by our partners HARSHA Trust and Society for Children. At Goa Plant, the CSR projects address Skills Development, Women Empowerment and Community development project implemented through NGO partners, Margdarshak and Sambhav Foundation, covering 3000 households, especially women, youth and children.

**Harvesting Healthier Crops Ahead**

While I am confident of better prospects for the fertilizer industry as well as for our company, I look forward to seeing the benefits of reorganisation of the fertilizer business in two group companies whereby Paradeep Phosphates has acquired Goa Fertilizer Plant from Zuari Agro Chemicals. Through this acquisition, Paradeep has got DAP/NPK, Urea and Ammonia into its product portfolio and newer markets to serve. Overall, the size of the company has increased substantially, and I am optimistic about the synergy benefits in the years to come.

I am grateful to all the shareholders, board members, employees, customers, suppliers, banks, regulatory bodies, governments and all stakeholders for supporting the company in its progress.

Warm Wishes,

**S. K. Poddar**
Chairman

₹ 7,859 Crore
Operating Revenue
**+ 52.2%**

₹ 398 Crore
Net profit
**+ 78.5%**

# REVIEW BY THE CEO & MD

**Dear Members,**

The journey since the last 40 years has been truly valuable for each one of us, unearthing inherent potential, living rich experiences and learning from a whole bunch of new outcomes. With a decade remaining to celebrate the Golden Jubilee year, I am confident that the residual ten years also will offer all of us abundant learning and greater success.

**Our Parentage – A Brief about our Family**

Paradeep Phosphates Limited (PPL) belongs to the Adventz group which has a significant presence in agriculture, engineering & infrastructure, real estate, consumer durables and services. The holding company of PPL is Zuari Maroc Phosphates Private Limited (ZMPPL), which is a joint venture between Zuari Agro Chemicals Limited (ZACL), India and OCP Group S.A., Morocco.

While ZACL, the agriculture vertical of the Adventz Group, is engaged in the business of chemical fertilizers, organic manure and micronutrients, OCP Group has business interests in rock phosphate, phosphoric acid, fertilizers and animal feed additives.

PPL gains abundant insights and knowledge of the fertilizers business from its sister companies, Mangalore Chemicals and Fertilizers Limited and ZACL, both belonging to the Adventz Group.

**The Need to Feed**

The manufacture of fertilizers is aligned to one of the UN's Sustainable Development Goals under "Goal 2. End hunger, achieve food security and improve nutrition and promote sustainable agriculture".

Out of the 116 countries studied, India was 101st with a score of 27.5. Despite a considerable improvement from a score of 38.8 in 2000, India is still in the category of Serious (20.0 – 34.9) and it is a long way to reach the categories of Moderate (10.0 – 19.9) and Low (<10).

To address this national problem, the Government of India promulgated the National Food Security Act, 2013 to legally entitle the entire needy population to receive subsidized food grains. Other initiatives by the GOI include the National Food Mission, National Nutrition Mission to name a few.

Thus, there is an urgent, pressing need to produce food in higher quantities, which can be achieved only by fertilizing the soil adequately. Realising the importance of fertilizers for food security, PPL is missioned to create value for farmers by providing integrated agricultural solutions for all farm needs.

**Our Manufacturing Facilities**

The manufacturing facilities are strategically located which bestows the benefits of port facilities. Through backward integration of facilities and effective sourcing, PPL has shielded itself well from the supply chain constrains.

The Paradeep Plant in Odisha houses four trains capable of producing 1.65 million tonnes of DAP and NPK. For the manufacture of raw materials, there are three plants for the production of 1.39 million tonnes of Sulphuric acid and the Phosphoric plant can produce 0.30 million tonnes. The three captive power plants with 55 MW meets about 100% of the power requirements. Further,

### Why would a farmer choose PPL?

Our primary aim is to provide balanced fertilization to the soil through varying mixes of nutrients. The company is involved in the manufacture and distribution of macro nutrients such as Nitrogen, Phosphorus, Potassium, Sulphur and Zinc for optimum plant growth, yield and quality. It is also engaged in the trading of Muriate of Phosphate and Ammonia.

With a synergy of deep engineering analysis and meticulous planning, PPL has a remarkable force which percolates deep into all the systems and processes in place, reflecting in its products as well.

The company distributes all its products through a sales and marketing network of 21 regional marketing offices, 510 stock points, 5,322 dealers and 72,925 retailers reaching out to about 8 million farmers across the country under the brands 'Navaratna' and 'Jaikisan Navratna'.

With a view to helping the farmers choose the right fertilizers, a centralised Agricultural Development Laboratory in Bhubaneswar and a fleet of Mobile Soil Testing Labs have been set up. Further, PPL has been running the Farmer's Training School in Public Private Partnership mode with the Government of Odisha to provide Agri skills to farmers in a classroom setting.

there is a dedicated berth in the port and a 3.4 km long concrete conveyor belt that ships raw material directly into the plant.

The newly acquired Goa Plant has an annual capacity of 0.8 million tonnes of phosphates and 0.4 million tonnes of Urea. The 0.23 million tonnes Ammonia plant is a backward integration facility. Other facilities include a railway siding and a 14 MW captive power plant which meets 65.42% of the installed power capacity.

### Our Work in FY22 – A Representation of our Capabilities

During the year under review, production volumes increased 22% reaching 12,47,178 MT. Consequently, Operating revenue went up by 52.2% to ₹ 7,858.72 crores. EBIDTA at ₹ 710.38 crores was 26.5% higher than the previous years. However, the EBIDTA margin declined from 10.9% to 9.0% due to increased raw material costs. At ₹ 398.45 crores, the Profit after tax recorded an increase of 78.5%.

### Near-term Priorities

Incorporating the newly acquired Goa Plant business into the company's existing business and reaping the synergy benefits is the immediate priority for the management. Having grown strong with this acquisition, PPL would focus on elevating the leadership position, improving cost efficiency and productivity, increasing the geographical reach and strengthening the brand value. We also would strive to attract and retain human talent to become a preferred employer in the fertiliser sector.

The Indian fertilizer industry is ready to accept innovations with limited barriers in its way. As Bill Gates quotes "Innovations that are guided by farmers, adapted to local circumstances, and sustainable for the economy and environment will be necessary to ensure food security in the future". At PPL, it is a constant ongoing effort to innovate and develop our products, being cognizant of sustainability and environmental balance.

As a first step towards digitalization in Agri Services, PPL has initiated an idea of creating a digital ecosystem by developing in-house portals and applications, creating synergies through collaboration with external digital partners. Implementation of mFMS (Mobile based Fertiliser Monitoring System), Artificial Intelligence and Machine Learning based technologies like Chat-Bots and Robotic Process Automation are some of the initiatives in the pipeline.

### Gratitude

In conclusion, I would want to extend my deepest gratitude to all board members, employees, customers, suppliers. Together, we will rise and shine, and most importantly, contribute to a hunger free India by raising agricultural output through environmentally sustainable methods and simultaneously foster contentment in farmers – the perpetuators of the food chain.

India is seeking out a food enhancing engine and Paradeep Phosphates will be a partner fulfilling India's search.

Yours Sincerely

**N Suresh Krishnan**
CEO & Managing Director

# REVIEW OF THE FINANCIAL PERFORMANCE

## We delivered a healthy performance in FY22 despite the new waves of the pandemic and supply chain difficulties. At ₹ 7,858.72 cr, the operating revenue was 52.2% higher than the previous year's revenue.

### Our Performance in FY2022

We delivered a healthy performance in FY22 despite the new waves of the pandemic and supply chain difficulties. At ₹ 7,858.72 cr, the operating revenue was 52.2% higher than the previous year's revenue. The growth was primarily on account of higher volumes of fertilisers produced. Though the cost of raw materials increased significantly, the higher volumes of sales helped a considerable increase in gross profit. Our finance costs came down on account of improved cash flows. Thus, there was a 46% rise in Profit before tax to ₹ 534.99 cr. For the reason of opting lower regime income tax rate as per section 115 BAA, our effective income tax rate came down to 25.5% from 39.1%. Resultantly, the Profit after tax stood at ₹ 398.45 cr which is an increase of 78.5% compared to the figure year ago.

Going forward, we intend to sustain this trend to improve returns on capital and increase value for our stakeholders.

### Volume metrics of sales and raw materials

During the year under review, we sold 12,40,997 tons of manufactured products and 2,45,203 tons of traded products, an increase of 10.79% and decrease of 47.77% respectively. The increase of 10.79% in manufactured products was aided by DAP & NPK. The volume of Traded products decreased 47.77% on account of DAP(I)/MOP and NPK purchased during FY21.

On the raw material front, we consumed 1,49,568 tons of imported phosphoric acid, 2,75,284 tons of imported ammonia and 10,15,362 tons of imported phosphates.

Our import dependency on Potash is 100% as it is not available in India.

We have long-term contracts for the import of Rock phosphates/Phosphoric acid from Morocco, Jordan, Qatar and Saudi Arabia which have helped control the cost to some extent.

### Working capital management

Our receivables as on 31 March 2022 stood at ₹ 902.48 cr which was a steep decline from 1155.59 cr as on 31 March 2021. This decrease was primarily contributed by the clearance of subsidy dues by the government. We have built up significant amounts of Inventories reaching ₹ 2,293.22 cr from ₹ 899.05 cr which is expected to benefit us by better realisation in FY23. The increase in these current assets has been funded by availing credit from suppliers and additional working capital borrowings. The unutilised money out of the IPO proceeds has been deposited with banks, thus raising our current assets. However, the increase in current liabilities surpassed the increase in current assets and reduced the current ratio from 1.24 to 1.02, but this decrease is temporary, and the ratio is expected to increase in the coming months when we utilise the raw material stock for production and start selling the finished goods.

### Capex

During FY22, we spent ₹ 59.12 cr on PPE in the DAP-C Train project and also ₹ 254.31 cr on CWIP for the DAP train revamp, phosphoric Acid capacity expansion, installation of 4th evaporator amongst others projects. This capital expenditure was funded partly by an additional term loan and partly by internal accruals.

We paid an advance of ₹ 1126.32 cr to Zuari Agro Chemicals Limited toward the slump purchase of the Goa plant which will be adjusted in FY23 against the purchase price payable to them.

### IPO and divestment of stake by the Government of India

In May 20022, we completed the Initial Public Offer comprising of fresh issue of equity shares and an offer for sale. The government sold their residual stake in the company through the offer for sale making the company a fully private company. This divestment is expected to help the shareholders gain full control and decision-making power in managing the affairs of the company.

The amount of ₹ 1,004 cr raised through fresh issue of shares is being utilised for the acquisition of Goa Fertiliser Plant from Zuari Agro Chemicals Limited, expansions at Paradeep plant and general corporate expenses.

### Going forward

In FY23 and a few years later, we would be excitedly working for the integration of the Goa plant to reap the benefits from a larger product base, additional product portfolio and new markets. Our expansion projects at Paradeep also would fructify in FY23 and help boost our revenue and shareholder value. Overall, we expect bright prospects for the company in the coming years.

# FINANCIAL HIGHLIGHTS

## Revenue

(₹ Crore)

| | |
|---|---|
| FY22 | 7898 |
| FY21 | 5184 |
| FY20 | 4228 |

## PAT

(₹ Crore)

| | |
|---|---|
| FY22 | 398 |
| FY21 | 223 |
| FY20 | 194 |

## PBT

(₹ Crore)

| | |
|---|---|
| FY22 | 534 |
| FY21 | 367 |
| FY20 | 230 |

## EBITDA

(₹ Crore)

| | |
|---|---|
| FY22 | 710 |
| FY21 | 561 |
| FY20 | 495 |

## Finance Costs

(₹ Crore)

| | |
|---|---|
| FY22 | 86 |
| FY21 | 111 |
| FY20 | 192 |

## EPS

(₹)

| | |
|---|---|
| FY22 | 6.91 |
| FY21 | 3.88 |
| FY20 | 3.37 |

## RoI

(%)

| | |
|---|---|
| FY22 | 2.00 |
| FY21 | 0.45 |
| FY20 | - |

## RoCE

(₹ Crore)

| | |
|---|---|
| FY22 | 11.76 |
| FY21 | 15.08 |
| FY20 | 10.76 |

# PRODUCT PORTFOLIO – REVIEW OF PERFORMANCE

The product portfolio of PPL makes it possible for the farmers to provide Balanced Fertilisation to the crops, with a supply of essential plant nutrients such as N (Nitrogen), Phosphorus (P), Potassium (K), Sulphur (S) and Zinc (Zn) for optimum plant growth, yield and quality.

The company is primarily engaged in manufacturing, distribution, trading and sales of a variety of complex fertilisers such as DAP, several grades of NPK, Zypmite and our by-product, Phospho-gypsum and HFSA. We are also engaged in distribution, trading and sales of MOP, Ammonia, City compost and P2O5-HSS.

The fertilisers are marketed under the brand names 'Jai Kisaan – Navratna' and 'Navratna'.

## NPK

### Multi-nutrient, complex fertilizers, commonly referred to NPK include all three main nutrient elements: Nitrogen, Phosphate and Potassium. Complex fertilizers are produced by either blending or chemical reaction between 162 Phosphoric Acid, Ammonia, Potassium Chloride (Potassium Sulphate), Nitric acid and other substances.

**Following NPK fertilizers are manufactured by PPL:**

### NPK – 10

This NPK fertilizer contains Nitrogen, Phosphorus and Potassium in the ratio of 10:26:26. This NPK fertilizer is suitable for all types of soil. Due to the presence of 1:1 ratio of Phosphorus and Potassium, NPK-10 fertilizer is suitable for crops such as sugarcane and potatoes. As the Potassium nutrients are in water-soluble form, it is easier for the crops to absorb the nutrient.

How we Performed

**Production of NPK-10 (in MT)**

| | |
|---|---|
| FY22 | 85555 |
| FY21 | 81490 |
| FY20 | 106283 |

### NPK – 12

NPK-12 fertilizer contains Nitrogen, Phosphorus and Potassium in the ratio of 12:32:16. The three nutrients are present in granule form. This NPK fertilizer is suitable for all types of soil. This NPK fertilizer enhances the yield and quality of crops such as onions, tobacco, ginger, garlic, tomato, cabbage and oil seeds. Given that Phosphorous and Potassium nutrients are in water-soluble form, it is easier and quicker for the plants to absorb the nutrients. Nitrogen is present in the form of Ammonium Sulphate.

How we Performed

**Production of NPK-12 (in MT)**

| | |
|---|---|
| FY22 | 30663 |
| FY21 | 26465 |
| FY20 | 12380 |

### NP – 20

NP -20 fertilizer contains Ammonia, Phosphate and Sulphate in the ratio of 20:20:0:13. NP-20 is suitable for all types of soil. This fertilizer enhances the yield and quality of crops such as oil seeds, pulses, onions, soybean, garlic, sugarcane, paddy and cotton. NP-20 fertilizer is utilized for fertilizing the vegetables that require frequent application of fertilizers.

How we Performed

**Production of NP-20 (in MT)**

| | |
|---|---|
| FY22 | 380062 |
| FY21 | 275200 |
| FY20 | 378625 |



# PRODUCT PORTFOLIO – REVIEW OF PERFORMANCE

## DAP

DAP is a granulated, high quality, water-soluble, complex mineral fertilizer containing primarily of 18% Ammoniacal Nitrogen by weight and 46% Phosphate by weight. DAP is suitable for all types of soils and can be used as a base fertilizer for all crops. DAP is a dry material used extensively for bulk blending and for direct application.

How we Performed

**Production of DAP (in MT)**

| | |
|---|---|
| FY22 | 721565 |
| FY21 | 638737 |
| FY20 | 564132 |


## Zypmite

Zypmite is a micronutrient mixture containing Sulphur, Zinc, Boron, Calcium and Magnesium. Zypmite helps in improving the soil fertility, increasing the intake of NPK fertilizers and improving the quality of yield of crops.

How we Performed

**Production of Zypmite (in MT)**

| | |
|---|---|
| FY22 | 40540 |
| FY21 | 16574 |
| FY20 | 23036 |

## HFSA

HFSA is an inorganic compound, colourless liquid and manufactured as a coproduct in the production of phosphates fertilizers. It is used as a precursor to aluminium trifluoride and synthetic cryolite, which are used in aluminium processing.

How we Performed

**Production of HFSA (in MT)**

| | |
|---|---|
| FY22 | 4903 |
| FY21 | 3507 |
| FY20 | 3343 |

## Phospho-gypsum

Phospho-gypsum contains Sulphur and Calcium in the ratio of 17:21. Phosho-gypsum is suitable for alkaline soils.

Sulphur in the Phospho-gypsum helps in

- increasing crop yield, crop product quality and oil content in oil seeds;
- improving fertilizers' efficiency, plant health and soil condition; and
- adding colour and flavor to the crops.

Calcium in the Phospho-gypsum helps in

- better fruit development;
- increasing crop product quality;
- improving the plant growth and root development;
- metabolic activities; and
- preventing fruit cracking.

Phospho-gypsum enhances the yield and quality of crops such as rice, pulses, oil seeds and sugarcane.

How we Performed

**Production of Phospho-gypsum (in MT)**

| | |
|---|---|
| FY22 | 1583132 |
| FY21 | 1205347 |
| FY20 | 914422 |


**In addition to marketing and selling liquid Ammonia, PPL also manufactures, markets and sells the following products**

## Phosphoric acid

Phosphoric acid is a key raw material used to produce Phosphatic fertilizers such as DAP.

**Production of Phosphoric Acid (in MT)**

How we Performed

| | |
|---|---|
| FY22 | 301050 |
| FY21 | 290520 |
| FY20 | 262830 |

## Sulphuric acid

Sulphuric acid is one of the raw materials used to produce Phosphatic fertilizers such as DAP.

How we Performed

**Production of Sulphuric Acid (in MT)**

| | |
|---|---|
| FY22 | 1250580 |
| FY21 | 1058240 |
| FY20 | 1008115 |

# STRATEGIES, OUTCOMES AND GOALS

**The company's management has a proven track record of identifying opportunities, managing risks and formulating strategies for achieving organic and inorganic growth.**

## 01. Market Leadership

### Strategy

Enhancing production capabilities and having a more diversified product portfolio and increase distrirbution strength

### Outcome and goals

Paradeep plant is in the process of increasing the annual granulation capacity of DAP and NPK production plant to 1.8 million MT from 1.2 million MT (expected to be complete by Oct 2022)

**2.85** MMTPA
Production Capacity for finished fertilizers

**2nd**
Second largest Phosphatic player in India

**+22%**
YoY Production increase

## 02. Increase Profitability

### Strategy

Improve cost efficiency and productivity through increasing production capabilities and backward integration

### Outcome and goals

Increased the annual granulation capacity of DAP and NPK plant to 1.8 million MT per annum in FY22.

Increased production of DAP and NPK fertilizers as well as Phosphoric acid; and (ii) reduce our reliance on external suppliers of Phosphoric acid.

To increase the backward integration capabilities of Phosphoric Acid production at the Paradeep Plant from 3,00,000 MT to 5,00,000 MT annually by end of calendar year of FY-23.

**+27%**
YoY EBITDA increase

**46%**
YoY PBT increase

**While formulating and implementing strategies the management takes into account all the prevailing external conditions, internal management and financial capabilities. The company has been aligning its strategies to ensure value is created for all its stakeholders.**

## 03. Expand Footprints

### Strategy

Increase geographical reach in Eastern and Western India and expand distribution channels

### Outcome and goals

Paradeep plan is enabling expansions in Odisha, West Bengal, Chattisgarh, central and eastern parts of Uttar Pradesh, Andhra Pradesh, Telangana, and Madhya Pradesh while the newly acquired Goa plant is helping market expansions in Maharashtra, Karnataka, Madhya Pradesh Karnataka and Chattisgarh.

Continue to expand the distribution network pan India

Stepping into FY23 number of dealers increased to 5,322 and the number of retailers to 72,925

5,322
Dealers

72,925
Retailers

## 04. Inorganic Growth

### Strategy

Increase production and product capabilities by exploring viable acquisitions

### Outcome and goals

On 1st June 2022, PPL has completed the acquisition of Goa facility from ZACL. PPL will continue to explore such potential in-organic growth opportunities in future.

# COMPETITIVE ADVANTAGES

## Demand and Policy Advantages

The Phosphatic fertilizers segment is expected to grow at a CAGR of 4.2%-4.4% from FY 2022 to FY 2026 with increasing demand for Diammonium Phosphate (DAP) and NPK. As policy support for farmers, The Union Cabinet approved the proposal of the Department of Fertilizers for Nutrient Based Subsidy (NBS) rates for Phosphatic and Potassic (P&K) fertilizers for Kharif Season (April-September, 2022). The subsidy approved is 60,939 Crores. PPL is well positioned to capture a significant share of this growth with its large and certified manufacturing facility and infrastructure and backward integration of its manufacturing process. In addition, the company has a well-established sales and distribution network which will be enhanced by the addition of the sales and distribution network associated with the Goa Facility.

## Strong Value Chain

The company has a strong integrated value chain consisting of its stable source of raw materials in India as well as abroad, manufacturing facilities, captive power facilities, distribution network and farmers. In addition, the company has a backward integrated manufacturing process by producing two other key raw materials by value, Phosphoric acid and Sulphuric acid. The integrated value chain of the company gives the following unique advantages:

Reduction of raw material costs and logistics costs as we produce Phosphoric acid.

Utilization of by-products and waste products generated from the manufacturing process. Our by-product Phospho-gypsum is used for soil conditioning in alkaline soils and as a supplement for sulphur deficient soils.

## Diverse Product Range

The company has a diverse product portfolio consisting of complex fertilizers such as DAP, three grades of NPK (NPK-10, NPK-12 and NP-20), Urea, MOP, Zypmite, and by-product, Phospho-gypsum. The company also manufactures Ammonia, Sulphuric acid and Phosphoric acid for industrial consumption in and around Odisha.

## Manufacturing Capability

PPL has two manufacturing units strategically located at Paradeep and Goa. As of March 31 2022, PPL has a combined DAP/NPK production capacity of 2.45 MMTPA. The total annual installed capacity of the Sulphuric acid production at Paradeep plant is 1.39 million MT and the installed capacity of the Phosphoric acid production plant is 0.30 million MT. In addition, Paradeep plant has three operational concentrators to concentrate weak Phosphoric acid into strong Phosphoric acid. The Goa plant has a Urea manufacturing capacity of MMTPA and 0.23 MMTPA of ammonia.

## Enhancing Manufacturing Capabilities

Paradeep plant is in the process of increasing the annual granulation capacity of DAP and NPK production plant to 1.8 million MT from 1.2 million MT (expected to be completed by Oct 2022).

## Logistic Advantage

Paradeep plant is in proximity to Paradeep port and has seamless access to a network of railways, waterways and highways. The plant enables the company to cater for markets in east, central and south India. PPL's newly acquired Goa facility is strategically located close to the Mormugao port has a captive power plant, a railway siding, infrastructure to store raw material and finished goods and a bagging plant. Goa plant enables the company to access markets in west, central and south India.

## Strong Distribution Network

PPL's products are sold through a strong sales & marketing network of 21 regional marketing offices and 510 stock points across the 16 states. The network comprises 5,322 dealers and over 72,925 retailers, catering to over 8 million farmers in India.

## A Stronger PPL

### PPL acquisition of Zuari Agro Chemicals Limited's fertilizer plant at Goa and associated businesses of ZACL on slump sale basis pursuant to the Business Transfer Agreement (BTA) executed by the company with ZACL on March 01, 2021 was completed on June 01, 2022.

Acquisition of the Goa plant makes PPL stronger with respect to its strategic intent to grow inorganically for increasing product and production capabilities and increase its marketing networks.

**Competitive Advantages gained from the Goa plant are as below:**

Secures market access to the key states of Maharashtra, Karnataka, MP, Chattisgarh and Telengana

Trusted brand "Jaikisaan" now with PPL on perpetual-royalty-free basis

Robust product portfolio with increased diversity and pole position (near monopoly) in key variants

On-demand "Urea" in Goa's co-located Urea and Phosphatic manufacturing facility

ZACL's experienced technical and management team joins PPL

Eradicates dependence on Eastern India market alone and de-risks PPL against any localized droughts

# HOW WE CREATE VALUE

## 01 Financial Capital

Company's balance sheet, revenue, cash flow and profits.

### Outcome

The company has a strong balance sheet and a track record of consistent revenue growth and cash flows. Initiatives for increasing operational efficiencies are aimed to improving margins.

₹7,859 Crore
Revenue (+ 52% year on year)

₹397 Crore
PAT (+78.5%)

₹710 Crore
EBIDTA (+27%)

## 02 Manufactured Capital

Plants, infrastructure and buildings and the products manufactured by the company.

### Outcome

The company has two manufacturing plants – at Paradeep in Odisha and in Goa. The company manufacturers DAP/NPK fertilizers and has a backwardly integrated plant capacity to manufacture sulphuric acid, phosphoric acid, ammonia and urea.

2.85 MMTPA
Finished fertilizers

## 03 People Capital

Human resources, training and employee welfare initiatives for the staff

### Outcome

The company has 1500+ employees, with many of them having multiple years of experience in the company and agri inputs industry.

₹138 crore
Employee Benefit expenses in FY22

1500+
Employees

## 04 Relationship Capital

Company's relationship with society in general and other organisations including Investors, farmers, suppliers and channel partners.

### Outcome

The company maintains cordial relations with its stakeholders by creating mutual financial and product value. The company has dedicated stakeholder engagement programmes and teams to interact.

8 million
Farmers

72,925
Retailers

5,322
dealers

₹5.66 Crore
FY22 CSR Outlay

## 05 Intellectual Capital

The collective knowledge of the senior management, processes, brands, IT infrastructure and R&D.

### Outcome

Brands: Navratna and Jai-Kisaan

The company uses SAP S/4HANA, which is an integrated ERP analytic business solution. PPL has a research and development centre in Paradeep, Odisha.

31
R&D team

## 06 Natural Capital

Natural resources, energy and materials are used to provide services and products and initiatives to reduce environmental impact and produce an alternate source of energy and water.

### Outcome

We aim to minimize the adverse impact of our products and activities on the environment, maintain ecological balance and protect the bio-diversity near our manufacturing facility.

276506 kWh
solar energy

3330 Tones
Effluent/chemical waste reused

273757 M3
water recycled and reused

685600
Trees Planted

# FARMER ENGAGEMENT INITIATIVES

**PPL has organised an engagement programme for farmers and farmers producers organization (FPOs) through the 'Serving Farmers Saving Farming' initiative The company imparts training to farmers on scientific crop management practices, agronomic practices & solutions and on optimal/responsible use of fertilizers. The company has a team of dedicated field workers across various states for organising farmers' meetings, seed treatment drives, plant protection campaigns, crop seminars, field demonstrations, field days, Kisan mela, exhibitions, mobile campaigns and retailers' meetings.**

## Farmer's Training School (FTS)

PPL is operating the Farmer's Training School (FTS) in PPP mode with the Government of Odisha to provide Agri skills to farmers in a classroom setting. Farmer Training School (FTS) was initiated in the year 2011, with an objective to expose farmers to best practices and successful models for improving their knowledge of modern Agricultural practices of crop production and increasing farm income. The FTS training facility at Bhubaneswar is equipped with modern training aids and also houses an explanatory museum showing key aspects of agriculture for training purposes through an effective display using three-dimensional clay models.

## Navratna Samachar

We publish a quarterly agricultural magazine 'Navratna Samachar' and the magazine is published in Hindi, Bengali, Oriya, Telegu and Marathi. The magazine is circulated to the farmers at no cost. The magazine covers details of complete agronomic solutions for various types of crops, tips on different income generating schemes, fertiliser recommendations given by various states for different types of crops grown by the states, subsidies announced by the state government for various types of agricultural and horticultural crops. The magazine also covers success stories of farmers and the experiences of leading dealers in implementing various schemes in the villages in their catchment area.

## Soil Health

PPL is working towards the motto of 'Healthy Soil, Wealthy Nation', and is educating farmers on the importance of soil health and benefits of soil testing. Through a wide network farming community across seventeen states, our company closely engages with farmers for soil testing awareness campaigns, soil sample collection, followed by analysis of soil in our own soil testing facilities. The soil health cards are subsequently handed over to the farmers along with recommendations. The soil testing services are beneficial in the following ways:

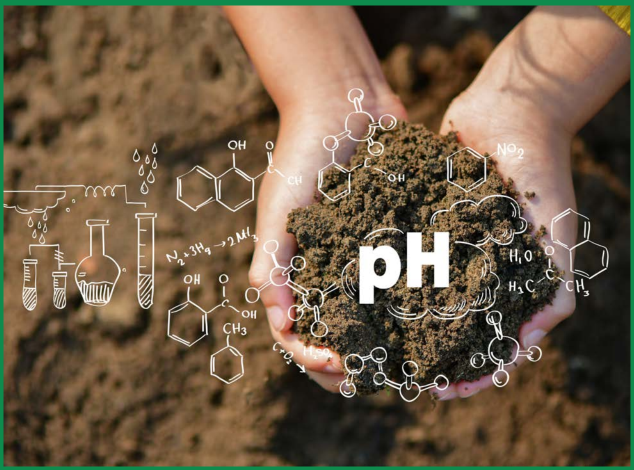
a) Fertiliser dosages based on nutrient status of the soil; and

b) Specific crop recommendations

The company has established a fully equipped Agricultural Development Laboratory (ADL) in Bhubaneswar, and operates a fleet of Mobile Soil Testing Labs (MSTLs) to cover all the district in the state of Odisha.

PPL has also partnered with Government of Odisha for operating 30 Mobile Soil Testing Labs (MSTLs) in PPP mode in all the 30 districts of Odisha since 2011-12. The fleet of PPL MSTLs can analyze 1,50,000 soil samples per annum as each MSTL has an annual analyzing capacity of 5000 soil samples. The company has already analyzed 5,29,584 soil samples & distributed soil health cards to 12,66,067 grid-based farmers through this project since inception.

The MSTL facility reaches out to more than 100,000 farmers of Odisha per year by providing free soil testing service at their door step and ensuring adoption of soil-test based fertiliser application through awareness campaigns, field days resulting in increasing farm productivity & higher acceptance of our brand as well as products.

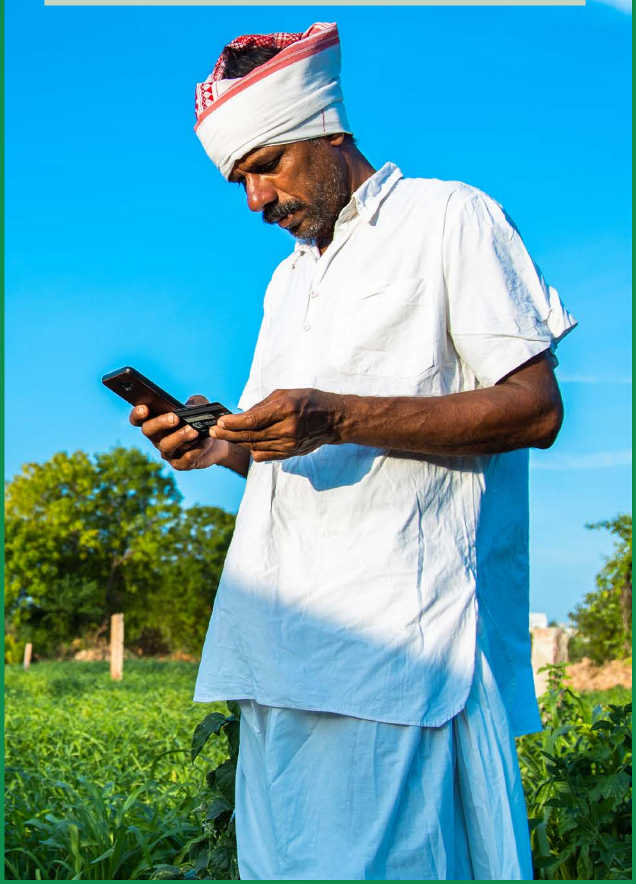



## Digitalization Initiatives

PPL's journey towards digitalization in Agri Services started with an idea of creating a digital ecosystem by developing in-house portals and applications, creating synergies through collaboration with the external digital partners.

The company has various social media platforms to educate, engage and empower farmers as well as a toll free number " Hello Jai Kissan" for addressing queries from farmers

Hello Jai Kisaan : Is operated by agricultural experts who are well equipped to advise farmers on scientific agriculture as a part of the company's initiatives. The company also provide support to farms through our trained extension workers'Jai Kisaan Krishi Salahakars'



# BOARD OF DIRECTORS

**Saroj Kumar Poddar**
Chairman

**N Suresh Krishnan**
Managing Director & CEO
SRC RMC[C] CSR FCM[C]

**Dipankar Chatterji**
Independent Director
RMC

**Kiran Dhingra**
Independent Director
AC NRC SRC CSR FCM

**Marco Philippus Ardeshir Wadia**
Independent Director
AC[C] NRC[C] CSR[C]

**Satyananda Mishra**
Independent Director
AC SRC[C]

**Soual Mohamed**
Director
NRC

**Karim Lotfi Senhadji**
Director
AC RMC FCM

**Subhrakant Panda**
Independent Director

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**Board Committee Indications**

- AC Audit Committee
- NRC Nomination & Remuneration Committee
- SRC Stakeholders' Relationship Committee
- RMC Risk Management Committee
- CSR CSR Committee
- FCM Finance Committee Meeting
- C Chairman of the committee

# SENIOR MANAGEMENT

**N Suresh Krishnan**
Managing Director & CEO

**Sabaleel Nandy**
President and Chief Operating Officer

**Harshdeep Singh**
Chief Commercial Officer (CCO)

**Raj Kumar Gupta**
Chief Procurement Officer

**Pranab Kumar Bhattacharyya**
Chief Manufacturing Officer & Unit Head, Paradeep Plant

**Nilesh Dessai**
Chief Manufacturing Officer & Unit Head, Goa Plant

**Bijoy Kumar Biswal**
Chief Financial Officer (CFO)

**Sachin Patil**
Company Secretary and Compliance Officer

# CORPORATE SOCIAL RESPONSIBILITY

## Navratna Prayas

PPL's CSR initiative impacts more than 50,000 lives every year, is the company's route towards catalyzing Inclusive Growth. At Paradeep Plant, we are closely working with communities in 30 villages in the periphery of the plant covering 10,000 households, addressing issues relating to Livelihoods, Education, and Health (WaSH -Water, Sanitation and Hygiene) with a special focus and involvement of women and children. These projects have been implemented by our partners HARSHA Trust and Society for Children. At Goa Plant, the CSR projects address Skills Development, Women Empowerment and Community development project implemented through NGO partners, Margdarshak and Sambhav Foundation, covering 3000 households, especially women, youth and children.

Through our interventions and impact, we were able to strengthen healthcare services, raise community awareness, and provide support to the community following the second wave of COVID19 pandemic. By implementing these efforts, it was possible to limit the spread of COVID19 in project areas. Moreover, improved sanitation and water facilities have contributed to a reduction in open defecation, as well as significant behavioral changes in terms of hygiene and sanitation. In the prolonged lockdown period, community awareness, improved educational facilities, and continued schooling support minimised the impacts on continuity of education, especially for primary and upper primary school students. The following are some of the specific measures taken by the company:

**PPL Impact**

50,000
People

₹5.65 Crore
FY22 CSR Spent


## Promoting healthcare and WaSH

The company has engaged the women members of the SHGs and the youth in sanitation and awareness activities in the project villages. In the project locations, 42 training sessions and events were organized to address water and sanitation issues. More than 3000 HHs have been supplied with clean and safe drinking water through community-owned and managed RO filtration plants, thereby reducing water-related issues in the project villages. Additionally, we helped the women SHG members set up a biodegradable sanitary pad production unit at the village level, which contributes to raising awareness about mestrual hygiene as well as earning additional income for them. Through a mobile health unit (MHU) that we operated in partnership with the NGO Helpage India, we reached more than 20,000 people in need of healthcare.

**PPL Impact**

**3,000**
HHs supplied with clean and safe drinking water

**20,000**
People benefited healthcare services

## Navratna Balyagruha Initiative

The child friendly WaSH compliant Anganwadi centers have been developed by PPL over the period of two years with the technical support of UNICEF, Odisha. So far PPL renovated and developed 15 AWCs in compliant to child friendly design models. The Anganwadi centers is being used as a model center for the adolescent girls, pregnant & Lactating mothers by providing health & nutrition related programs. Accessibility, water conservation models and Nutri-garden have been demonstrated for multidiscipline development of the women and children.

**PPL Impact**

**15**
Anganwadi centers

**450**
Children

**150**
Adolescent girls

**350**
Women

# CORPORATE SOCIAL RESPONSIBILITY


## Promotion of quality education and Development of Education infrastructure:

PPL partnered with 'MO School' initiative of Odisha state government to upgrade three schools into smart schools in Jagatsinghpur district. Additionally, PPL also developed three smart schools in the project villages wherein E-library, Smart classrooms, Toilets and school infrastructures are developed and handed over to the community. During pandemic period our community learning initiatives reached out to more than 700 students by addressing grade specific competency, learning gaps assessment of the students. Spoken English & English learning initiatives through TARA and Cognitive exchange program, General Knowledge program are initiated to improve learning and competency level among children.

**PPL Impact**

700

Students

## Combating Covid-19:

Installed 200 LPM PSA oxygen plants during this period to address oxygen shortages.

Distributed 1,00,000 N95 masks to help prevent COVID-19 spread during the lock down phase and provided dry ration support to 1100 families in distress

Provided thermal scanners, Oxymeters, PPE kits, Sanitizer and sodium hypochlorite solutions at Block level in Kujang

**PPL Impact**

1,00,000

N95 masks

**PPL Impact**

200

LPM PSA oxygen plants

## Livelihood Promotion

Improvement of the farm and doubling the farmer's income are the key objectives of PPL's livelihood program in periphery villages. We are providing direct input and technical support to more than 300 farmers, ensuring a sustainable livelihood for the farm families. There are initiatives such as the installation of solar-powered irrigation facilities, establishment of tool banks, creation of poly house nurseries, and establishment of vermi compost pits that enable the farm groups to reduce their drudgery and increase the productivity of their crops. Women-led microenterprises, such as terracotta craft making units, mushroom production units, sanitary pad manufacturing units, incense stick manufacturing units, and phenyl manufacturing units, provide additional income to project beneficiaries. Our livelihood initiatives have benefited more than 400 women members. This year, two community halls have been constructed and handed over to the SHG federations of the project villages to facilitate SHG training and business activities.

## Environment and Biodiversity

We are also supporting the environment and biodiversity through tree planting, pond cleaning, and the installation of solar and LED streetlights across the project villages. In this program, community members are participating in the restoration of the community pond and water harvesting has been achieved.

**PPL Impact**

300
Farmers

400
Women members

# AWARDS AND ACCOLADES

Awards not only boost the brand and the business, but also motivate the team towards higher performance levels and present the organization with newer connections and newer endorsements. Over the past few years, various awards and accolades have been conferred upon PPL in the areas of Corporate Excellence, Sustainability & Leadership. It has also been recognised for exemplary leadership in the Chemicals and Fertiliser Sector in India.

Enhancing production processes, tackling issues related to environment and safety, human resource practices, and social responsibility undertaken by Paradeep Phosphates Ltd have been acknowledged by the top industry bodies of the country such as Fertiliser Association of India (FAI), Indian Chambers of Commerce (ICC), Confederation of Indian Industries (CII), Utkal Chamber of Commerce & Industry (UCCI), Government Ministries and Departments, prestigious non-government bodies, and leading print/electronic media groups at national as well as at the state level.

**Awards for Business Excellence**


**Best Brand Platinum Award 2021 in Corporate Excellence category**


**Brands of Odisha: Pride of India award at the Sambad Corporate Excellence Awards, 2020 in Corporate Social Responsibility category**


**FAI Award for the best production performance of an operating Phosphoric acid plant for the year 2018-2019 by the Fertilizer Association of India**

**'Smart Exporter-Gypsum' Award at the Smart Logistics Awards 2019**


**Brand Leadership Award at the Bhubaneswar Brand Leadership Awards in 2019**


**First position for 'HR Best Practices – Union Management Relationship' by NHRD 2019**

# MANAGEMENT DISCUSSION AND ANALYSIS

**Global Economic Backdrop**

The world headlines of 2022 which began with COVID 19 pandemic, in the course of the year, abruptly switched over to the geo-political tension provoked by the Russia Ukraine conflict.

Just when countries had started their journey to recovery from the collapse triggered by the multiple waves of the pandemic through mass vaccination, and there was a healthy start to resumption of trade, economic fragmentation caused due to the conflict took center stage with associated risks seizing control of the activities of people and businesses.

Most major commodities displayed a sharp price upswing, with the global Commodity Price Index, monitored by the IMF, for four commodity asset classes – energy, agriculture, fertilizers, and metals – demonstrating the same upward momentum.

Monetary tightening, fiscal stress coupled with labour market challenges in addition to potential waves of COVID 19 created havoc in global markets. Sanctions on Russia and Ukraine's inability to export have put global energy as well as food supplies in jeopardy.

Supply chain blockages and disruptions in investment and trade existing in a scenario of low growth and elevated price levels are gradually giving shape to a new global situation called Stagflation. A prudent combination of monetary and fiscal policies by the developed as well as emerging economies and a decisive global policy in sync with various national policies will be essential to overcome the current situation.

With the pandemic resurgence in some nations and the various downside risks aforementioned, macroeconomic imbalances are presenting themselves in their entirety. Global growth is expected to decelerate from 5.5% in 2021 to 2.9%[1] in 2022 and hover around that level in 2023 as well; considerably lower than the earlier estimates.

With the current global uncertainty, many businesses are exploring the option of alternate production hubs in Asia, for diversification of their sourcing and manufacturing bases, to lessen the impact of procurement and supply chain threats, giving birth to the concept of 'China plus One' strategy.

*[1]Source: World Bank*

**Indian Macro Picture**

The second wave of the deadly COVID 19 pandemic and the clashes between Russian Federation and Ukraine has had dampening effects on the Indian economy as well, suppressing recovery and amplifying vulnerabilities.

The country entered 2022 with Omicron-driven pandemic resurgence, hence the economic growth due to revival of pent-up demand was offset to some extent. Though some experts are of the opinion that the pandemic has entered an endemic stage, we are still not in the final end-game where it can be said that the options for surprises have been exhausted.

One of the most severe blows to the Indian economy has been steep price hikes in major commodities. Both headline and core consumer inflation breached the RBI's headline inflation target range of 2-6%, leading to unscheduled policy rate hikes in May and June 2022. More hikes are expected, since it is predicted that the inflation rate would stay at high levels for the next three quarters approximately, and then ease out in two years.

Apart from soaring commodity prices, some of the other perils that have been bought upon the country are liquidity crunch, depreciating rupee, slowing of export demand, widening trade deficit, FPI outflows, elevated freight prices and weak consumption demand, most of them exhibiting a sequential cause and effect relationship.

However, inspite of the global headwinds that India is facing from the world, strong domestic macro fundamentals, fiscal policy interventions that are growth enhancing and a better agricultural output could help the GDP growth rate not reach abysmally low levels.

Growth is slightly edged down to approximately 7.5%[2] in 2022, which is a downward revision from the January forecasts.

*[2]Source: World Bank*

**World Agriculture Outlook**

Change in the demand for food is majorly influenced by population and demographic changes, by income growth and income distribution, and by food prices.

Stronger-than-expected revival of demand following the COVID 19 pandemic, supply chain snarls ignited due to Russia Ukraine conflict and the resultant high oil prices have been responsible to carry agricultural commodity prices to record high levels in 2022.

World population is expected to grow from around 8 Bn in 2022 to 8.5 Bn in 2030. Globally, per capita demand for food is projected to increase by 1.4% p.a. in the coming decade. This demand for food will basically arise from low-income and middle-income countries which are characterized by high population growth rates, whereas in high-income countries, it will be limited by slow population growth and a saturation in the per capita consumption of some food groups.

A continuous increase in energy and agricultural input prices (viz. fertilizers) like in the current scenario will raise agricultural production costs and may constrain productivity and output growth in the coming years; whereas world demand for agricultural commodities, including for non-food uses, is projected to grow at 1.2% p.a. from 2020 to 2030.

As per the new estimates of the OECD-FAO outlook, inspite of an increase in average per capita food availability to around 3000 kcal per day, the Sustainability Development Goals (SDG2) on Zero Hunger Mission by 2030 will still be a far-fetched dream. While globally measures are being taken to augment food production by increasing yields through various processes, primarily by the usage of fertilizers, there would be a simultaneous increase in greenhouse gas (GHG) emissions by 2030. In a nutshell, the world needs to embrace the twin issues to achieve a win-win situation of zero-hunger goals with zero emissions. And it is estimated that an increase of 28% in sustainable agricultural productivity is required to meet the twin goals. This balanced increase in global food production requires wider access to inputs to raise yields as well as increased investments in agricultural infrastructure, technology and allied sectors, more allocation towards training, research and development, improved farm management and cohesive global trade systems.

Agricultural trade ensures food security, inclusion of variety in dietary nutritional charts and enhanced income in many rural regions. While some countries would be net exporters by exporting more of their domestic production (Latin America and the Caribbean, Europe and Central Asia), others would be net importers by importing majority of their total consumption (Africa).

**Influence of Freight**

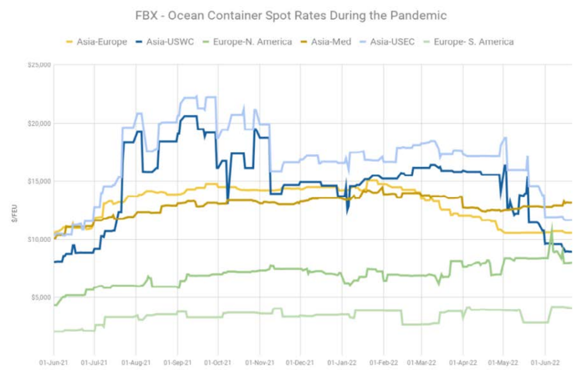
Like for any other trade, agricultural trade also is dependent on transportation costs. Freight charges have been on the uphill track since 2020 due to rising oil prices and trade disruptions caused by the COVID 19 pandemic. This global crisis has only underlined the importance of resilient transport systems which should be resistant enough to absorb the impacts of natural disasters as well as emerging challenges like the current globally hostile situation.

The period from 2020 onwards has been volatile for the freight industry around the world. At the beginning of the pandemic, there were intense rate cuts and attempts were made to hedge against these cuts via capacity management and eventually there was an increase in prices when consumer demand shot up in Q2 FY2020.

Two years from then, in 2022, the supply chain crisis and the rates are beginning to stabilize, however, on some lanes, the prices are still 400% higher than the pre-pandemic ones. For some other lines the tables seem to have turned around, where there is an oversupply of containers, which is a result of a series of reactionary market disruptions that began in early 2020. With the rise in demand, congestion at ports increased and the container capacity was held up for a long period of time. Freight rates have come down by an average of 20% since the beginning of 2022 and will continue to slide gradually, but there will not be a massive decrease because the underlying supply chain disruptions are still present.

Asia – US freight prices to both coasts reduced by more than 13% at the end of June 2022, and are at least 13% lower than this time last year, marking the first annual decrease since H1 FY2020. Asia – Europe freight prices have been stable since early May 2022, but are nearly 30% lower than at the start of the year, possibly due to worsening congestion at European hubs. Strong demand continues and even with capacity diverted from Russian ports, congestion in European and East Coast ports continue to slow operations and put pressure on the rates. Shanghai witnessed a drop in exports during the lockdown and this was mostly compensated by shifts to other ports.

OECD-FAO projects that freight costs would return to their pre-COVID 19 levels from 2022 onwards.




FBX stands for Freightos Baltic Index. It is the leading international Freight Rate Index, in cooperation with the Baltic Exchange, providing market rates for 40’ containers (FEUs).

**Global Commodity Prices**

Supply chain blockages due to the feud in Ukraine have led to a major shock to commodity markets, resulting in abnormally high prices for a number of commodities in 2022 than in 2021 and is expected to remain high in the medium term.

Russia and Ukraine are major exporters of energy, metals, fertilizers, and agriculture. The European Union imports a large proportion of its energy from Russia, and, in turn, the majority of Russia's energy exports go to the European Union. Russia and Ukraine account for more than 50% of wheat imports, especially in Europe and Central Asia, Middle East and Africa.

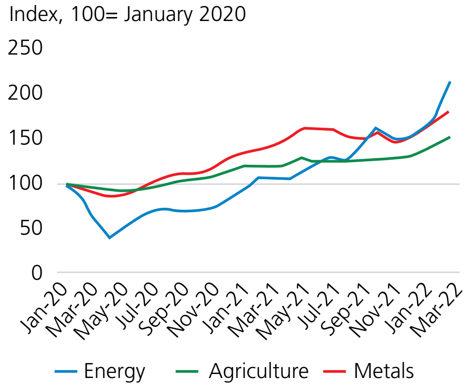
All energy commodities and most of the food commodities, viz. wheat, corn and oilseeds have demonstrated sharp price hikes, which have opened the gates of energy and food security concerns. While governments have intervened in such cases viz subsidies or lesser taxes, the pitfall is often aggravated supply hikes.

The price of Brent crude oil is projected to be at its peak since 2013, at an average $100/bbl in 2022, a 42% increase from 2021. Non-energy prices are expected to rise by about 20% in 2022, with the largest increases in those commodities which are exported from Russia or Ukraine. Wheat prices are expected to increase by more than 40% this year, and corn by almost 21%, reaching all-time highs.

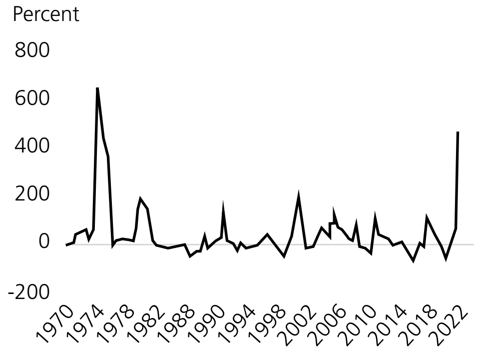
**Complementary effect:** The increases in prices of some commodities have pushed up the production costs of other commodities. To quote an example, rising oil prices increase the cost of raw materials for agriculture production, such as fuel and fertilizers. Rise in global inflation is also raising the costs of production of commodities.

**Substitution effect:** Taking an example of agricultural commodities for food, since they fall in the essential items category, they exhibit price inelasticity. Hence, price remains unchanged with no possibility of substitution effect.

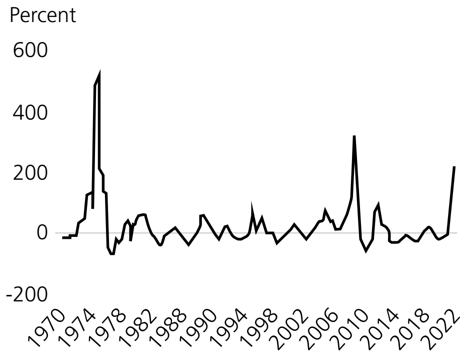
**A. Commodity prices**



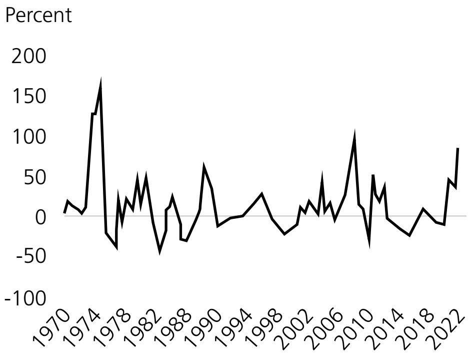

**B. Energy price growth**

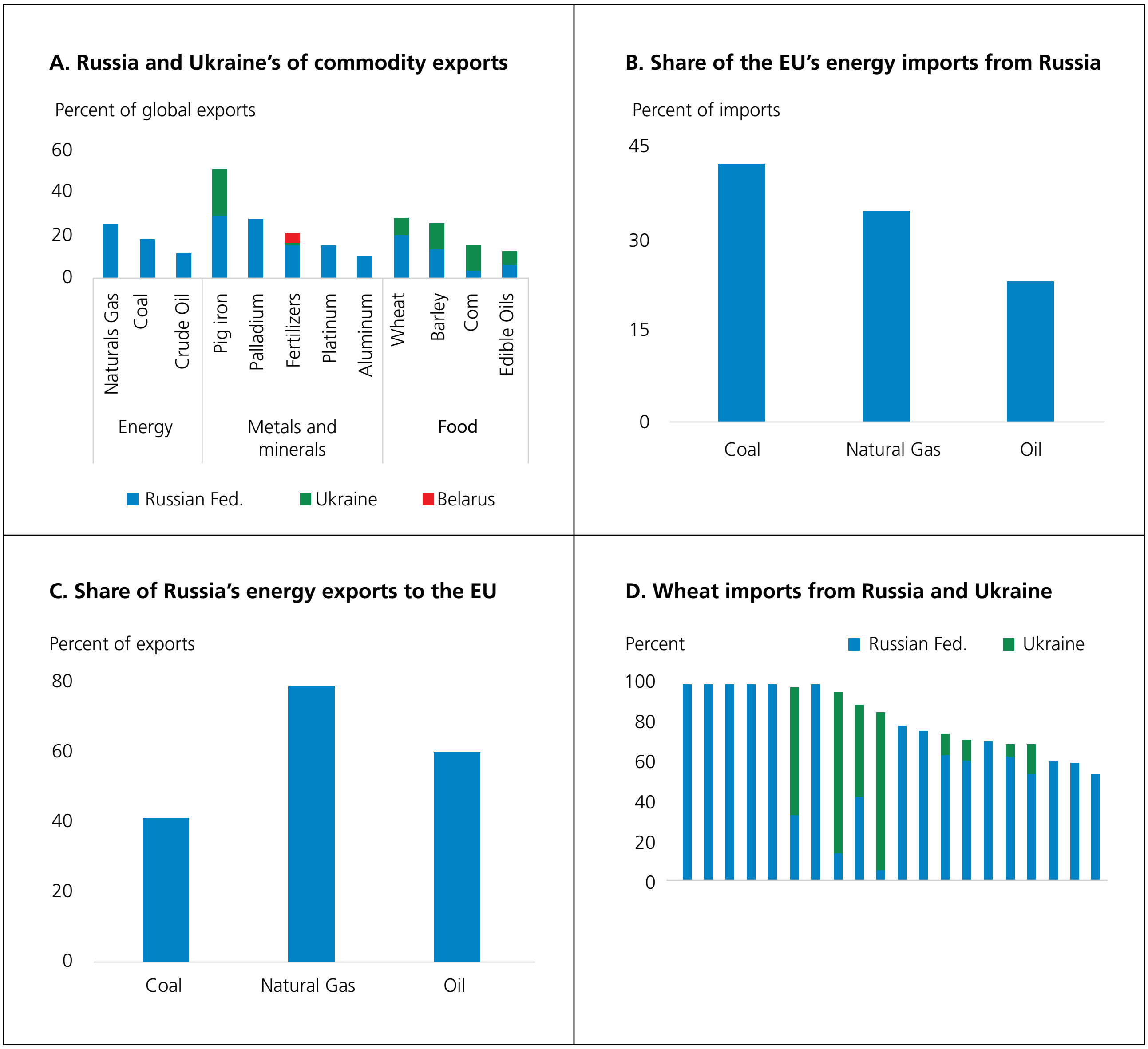



**C. Fertilizer price growth**




**D. Food price growth**






## Role of Policymakers in global commodity price management

Policy makers play a pivotal role in the management of impact of high commodity prices through targeted measures. Commodity shocks can be mitigated through increased sources of supply, and oil shocks can be taken care of by greater consumption efficiency and substitution away from oil.

At the global level, food production is sensitive to changes in relative prices. However, due to the war, production and supply of agricultural commodities are distorted, and emerging nations may have heavy dependency on international policy outcomes for some more time.

## Global Fertilizer Prices

In sync with the global agricultural sector, global fertilizer demand is also at an all-time high, but then so are its price levels. The prices of fertilizers being at near record levels, may remain the same throughout this year, having serious consequences on crop production in 2022 and 2023. Fertilizers, already being short in supply, have further been exposed to the supply chain woes instigated by COVID 19 and continued by Russia Ukraine conflict. The conflict has led to import-export restrictions and international sanctions which has aggravated supply concerns and resulted in elevated price levels of fertilizers.

The World Bank's Fertilizer Price Index rose nearly 10% to an all-time high in Q1 FY2022, due to supply disruptions, soaring input costs, and trade restrictions in China and Russia. The Russian-Ukrainian dispute has deep, long lasting impacts on fertilizer prices, as Russia and Belarus are the major producers and exporters of fertilizers and their main input is natural gas. Estimates are that fertilizer prices will rise by almost 70% in 2022 before easing out in late 2023.

Nitrogen (urea) prices surged following Russia's invasion of Ukraine to levels well above the peaks during the 2008 global food price crisis. The price surge, which began last year, also reflects production cuts in response to sharply rising raw material costs and trade policies. Production cuts have been declared in Europe due to increasing prices of natural gas. In China, rising coal prices and power rationing forced fertilizer producers to cut production and exports as well—the latter to ensure domestic availability. Russia also temporarily banned exports of ammonia nitrate, a high nitrogen-rich fertilizer. While demand is ever increasing, soaring prices are likely to bring on line significant volumes of new capacity, including in Brunei Darussalam, India, and Nigeria. Urea prices are projected to gain more than 75% in 2022, and ease in 2023 as new production from Brunei, Nigeria and India comes onstream, but will likely remain at historically high levels for as long as coal and natural gas prices remain elevated.

DAP (diammonium phosphate) prices continued to rise in Q1 FY2022, up 11% q-o-q, following large increases throughout 2021. Rising input costs, particularly for ammonia and sulphur, have contributed to the price rise. The entire supply chain has also been impacted by increasing freight costs as a result of the hostile situation in Ukraine. Russia is the world's second largest exporter of both ammonia and sulphur, but has struggled to maintain shipments since the beginning of the war. Supply woes have been compounded by policy actions in China and Russia. China, which accounts for 30% of global phosphate trade, has introduced an export ban through at least June 2022 while Russia has imposed an export ban on ammonia nitrate which is a primary input to the manufacture of DAP.

MOP (muriate of potash, or potassium chloride) prices jumped nearly 80% in Q1 FY2022 following the contract settlement by Chinese and Indian importers at $590/mt through to year-end 2022. Global spot prices have more than doubled to record-high levels in the past year. The price surge has been driven by sanctions last year on Belarus as well as supply disruptions and difficulties shipping through Black Sea ports since Russia's invasion of Ukraine. Belarus and Russia together account for two-fifths of global potash exports. In addition to the sanctions, in February 2022, Lithuania halted the use of its railways' network to transport Belarusian potash to the port of Klaipeda, which typically handles 90% of Belarus's exports. Although some shipments apparently have been rerouted to Russia, it is difficult for Belarus to ship significant volumes. Elsewhere, shortages have been aggravated by a rail strike in Canada due to a labor dispute. Potash prices are projected to average 1.5 times higher in 2022 than in 2021 and remain elevated in 2023 unless supply returns to international markets from Russia and Belarus.

**Indian Agriculture**

In India, agriculture along with the associated sectors, provides approximately 50% of the total employment in the country, especially in the rural areas, where the vast majority of Indian population is found.

Owning the second-largest arable land resources in the world, India also revels in the fact that it is home to

- 20 agri-climatic regions;
- All the 15 major climates in the world; and
- 46 of the 60 soil types in the world

In terms of production, India is the largest producer of spices, pulses, milk, tea, cashew, and jute, and the second largest producer of wheat, rice, fruits and vegetables, sugarcane, cotton, and oilseeds. Further, India is second in the global production of fruits and vegetables and is the largest producer of mango and banana. During 2019-20 crop year, food grain production reached a record of 296.65 Mn tons and the government has set a target to increase production by 3.9% for crop year 2021-22.

The updated figures from the 3rd Advance Estimates of 2021-22 are below:

| Particulars | Unit of Measurement | Final Estimates of 2019-20 | Final Estimates of 2020-21 | 3rd Advance Estimates of 2021-22 |
|---|---|---|---|---|
| Total Foodgrains | million tonnes | 295 | 310 | 314 |
| Total Pulses | million tonnes | 23 | 25 | 28 |
| Total Oilseeds | lakh tonnes | 335 | 360 | 384 |
| Sugarcane | lakh tonnes | 3581 | 4054 | 4304 |
| Cotton | lakh bales of 170 kg each | 360 | 352 | 315 |

**Indian Fertilizer Market Drivers**

In terms of production of fertilizers, India is the third largest, and in terms of consumption, it is the second largest in the world, thus making the fertilizer sector the backbone of the agrarian economy of our country.

Catalyzed by a strong growth in the country's population, food demand is also expected to exhibit high progression. However, because of increasing urbanization levels, there is a shortfall expected in the available arable land.

Fertilizers, therefore, will continue to play a key role in increasing the average crop yield per hectare. The government has introduced subsidies for fertilizers, so that the farmers of India can overcome the glitch of low productivity and low quality of agricultural output.

Historical data shows Indian fertilizer consumption exhibiting strong momentum; however, the consumption remains skewed, with some states in India having very low penetration of fertilizers, allowing ample space for growth of the industry.

**Drivers of the Fertiliser Industry**

The Indian fertiliser industry is heavily dependent on rural India.

The sector is expected to gain momentum on the back of

- Escalating rural incomes; and
- Easier availability of credit in rural areas

In addition, the industry is also driven by

- Pace of development of the agricultural sector in the country
- Increasing urbanization levels and corresponding decrease in arable land
- Increasing per capita income
- Increase in per capita demand and consumption of food
- Better irrigation facilities and newer ways of water management
- High subsidy support from the government

In addition, a number of government and non-government awareness campaigns to educate farmers on the benefits of fertilizers are being conducted in full swing.

Promotional activities through television, radio and customized rural workshops on the benefits of fertilizers is also expected to boost fertilizer consumption.

Contract farming, where inputs in terms of technology and training are expected to be provided to the farmer from the contractor, is also expected to create a positive impact on fertilizer usage.

Efficiencies in the agricultural value chain by many a start-ups, through technologies like IOT, ML/AI and ERPs are going to bring more yields and subsequently higher incomes to the farmers. This will empower the farmers with the right know-how on fertilizer usage, and the knowledge to garner better prices through improved farm-market linkages.

High subsidy support from the government is being provided to make fertilizers easily available and affordable, especially for the numerous small and marginal farmers who cultivate on a single piece of land. In lieu of the exorbitant international prices of fertilizers, The Indian Government has raised its budgetary allocation for subsidy for fertilizers over the past few years. The bill grew from an already high level of ₹ 138000 crores in FY21 to ₹ 162000 crores in FY22 and is estimated to cross ₹ 20000 crores in FY2023.

The fertiliser manufacturing industry in India meets approximately two-thirds of the country's requirements, producing 42 Mn tons of fertilisers annually[3], while the balance is imported to meet the requirements.

[3]*Source: Statista*

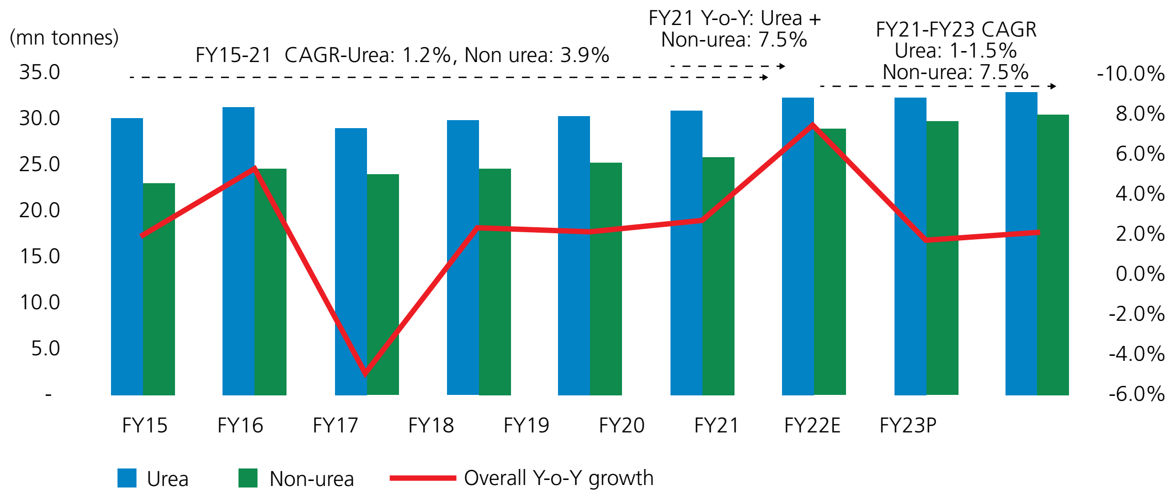
Over the last six years from fiscal 2015 to fiscal 2021, the growth in fertilizer segment has been largely led by non-urea segment which witnessed a CAGR of 3.9% as compared to urea segment which recorded a CAGR of 1.2% during the corresponding year.

In FY2022, CRISIL expects domestic fertilizer demand to increase by 1.2-2.2% on the back of a normal monsoon. Additionally, government initiatives and marketing activities is likely to create further awareness amongst farmers.

During fiscals 2021 to 2026, demand for overall fertilizers is expected to witness a CAGR of 1.5-2.5% to around 68 Mn tons, up from 61 Mn tons in FY2021. Urea is expected to grow at a 0.8-1.8% CAGR to 34-35 Mn tons. Urea will continue to have a dominant share in fertilizers owing to higher preference among marginalized farmers (constituting close to 45% based on holding size) and middle-income farmers.

CRISIL expects non-urea fertilizer consumption to grow by approximately 2-4% p.a., while growth in urea is pegged at a marginal 0-1% during the year, on the back of an expected similar rise in kharif sowing and normal monsoon. Urea imports will see declining trend in FY2022 led by increase in domestic capacity. On the other hand, the complex and DAP fertilizers are to lead non-urea segment growth over the next five years given India's production of crops like fruits and vegetables, sugarcane, cotton.

**Trend and outlook on fertiliser consumption**




Source: FAI, FAO, CRISIL Research

The push for higher yield, rise in minimum support price (MSP) of key crops, increased reservoir levels and increasing awareness among farmers about the benefits of complex fertilizers will aid faster growth in the non-urea segment.

As per CRISIL, healthy onset of monsoon, increased moisture content in the soil and timely kharif harvest is likely to lead to a further single-digit increase in rabi sowing. Moreover, the government increased the MSP on key fertilizer consuming kharif crops such as paddy and cotton. Additionally, the government's procurement of wheat soared to an all-time high in the current rabi marketing season, with Punjab taking the lead position.

In FY2022, the fertilizer sector in India has witnessed a record low inventory levels in the wake of an all-time high raw-material prices. The inventory across all finished fertilizers had dropped to approximately 8.8 Mn tons in December 2022 as against 18.7 Mn tons in December 2021.

The government has budgeted for a fertilizer subsidy bill of ₹ 1.05 lakh crore for 2022-23, but that was prior to the unprecedented rise in raw material costs and global fertilizer prices following the Russian invasion of Ukraine. CRISIL believes

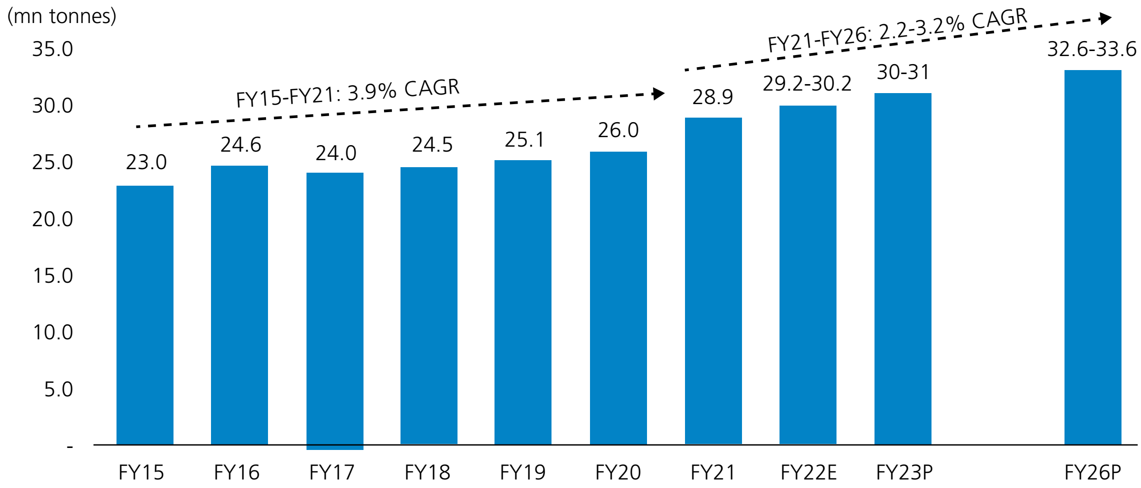
India’s fertilizer subsidy bill could hit a record high this year, in the range of ₹ 1.65 lakh crore to ₹ 1.9 lakh crore, warranting a reworking of the Centre’s fiscal math outlined in the Budget. If the Centre doesn’t step in with a fiscal intervention, fertilizer subsidy arrears could touch an all-time high of more than ₹ 75,000 crore by March 2023.

**Table 19: Trend in import and production of non-urea fertilisers**

| (in million tonnes) | DAP | | NPKS | | MOP | SSP |
|---|---|---|---|---|---|---|
| | Production | Imports | Production | Imports | Imports | Production |
| FY17 | 4.4 | 4.2 | 8.5 | 0.4 | 2.8 | 3.9 |
| FY18 | 4.6 | 4.3 | 8.8 | 0.5 | 3.5 | 3.9 |
| FY19 | 3.9 | 6.9 | 9.5 | 0.7 | 3.0 | 4.1 |
| FY20 | 4.5 | 5.4 | 9.3 | 0.9 | 2.9 | 4.3 |
| FY21 | 3.7 | 5.8 | 10.0 | 1.7 | 3.5 | 4.9 |

*Source: Ministry of Chemicals & Fertilizers' Integrated Fertilizer Management System, CRISIL Research*

**Trend and outlook on non-urea fertilise demand in India**




Note: E-Estimated, P-Projected
Source: FAI, CRISIL Research

**Paradeep Phosphates Ltd.**

Paradeep Phosphates Ltd. (PPL) has been engaged in the manufacturing, sales and marketing and distribution of complex fertilizers since the 1980s.

The company delivered a healthy performance in FY2022 despite the new waves of the pandemic and supply chain difficulties. The growth was primarily on account of higher volumes of fertilizers produced. Though the cost of raw materials increased significantly, the higher volumes of sales helped a considerable increase in gross profit.

Going forward, we intend to sustain this trend to improve returns on capital and increase value for our stakeholders.

**Performance highlights in FY2022**

| | March'22 | March'21 |
|---|---|---|
| Production (Mtons) | 1,247,178 | 1,021,892 |
| Sales (Mtons) | 1,368,957 | 1,406,807 |
| Revenue (₹ Cr) | 7,859 | 5,165 |
| PBT (₹ Cr) | 534 | 367 |
| PAT (₹ Cr) | 397 | 224 |

The revenues of the company in FY2022 touched ₹ 7859 Crores. This is a 52% jump from 5165 crores in FY2021. The production numbers in FY2022 in MT has been 1,247,178 compared to 1,021,892 last year. The Profit Before Tax in FY2022 is ₹ 534 crores which is a 46% jump from the previous year.

In terms of the product mix, DAP comprised of approximately 60 % of manufactured portfolio in FY2022. The company also traded about 1,27,000 tons of combined DAP and MOP in FY2022.

| Production in '000 MT | 21-22 | 20-21 |
|---|---|---|
| DAP | 722 | 639 |
| N-20 | 380 | 275 |
| N-10 | 116 | 108 |
| TOTAL Fertilizers | 1,218 | 1,022 |
| Traded DAP | 112 | 141 |
| Traded MOP | 15 | 145 |

The company also had the highest ever yearly production of Phos-acid (301,050MT) and Sulphuric Acid (12,50,580 MT). Additionally, FY2022 production of Zypmite has been 40,540 MT (highest ever) as against 16,574 MT for FY2021. Gypsum sale has been 15.83 mn MT for FY2022 as against 12.05 Mn MT for FY2021. Industrial Sales contribution has been ₹ 108 crores for FY2022 as against ₹ 67 crores for FY2021.

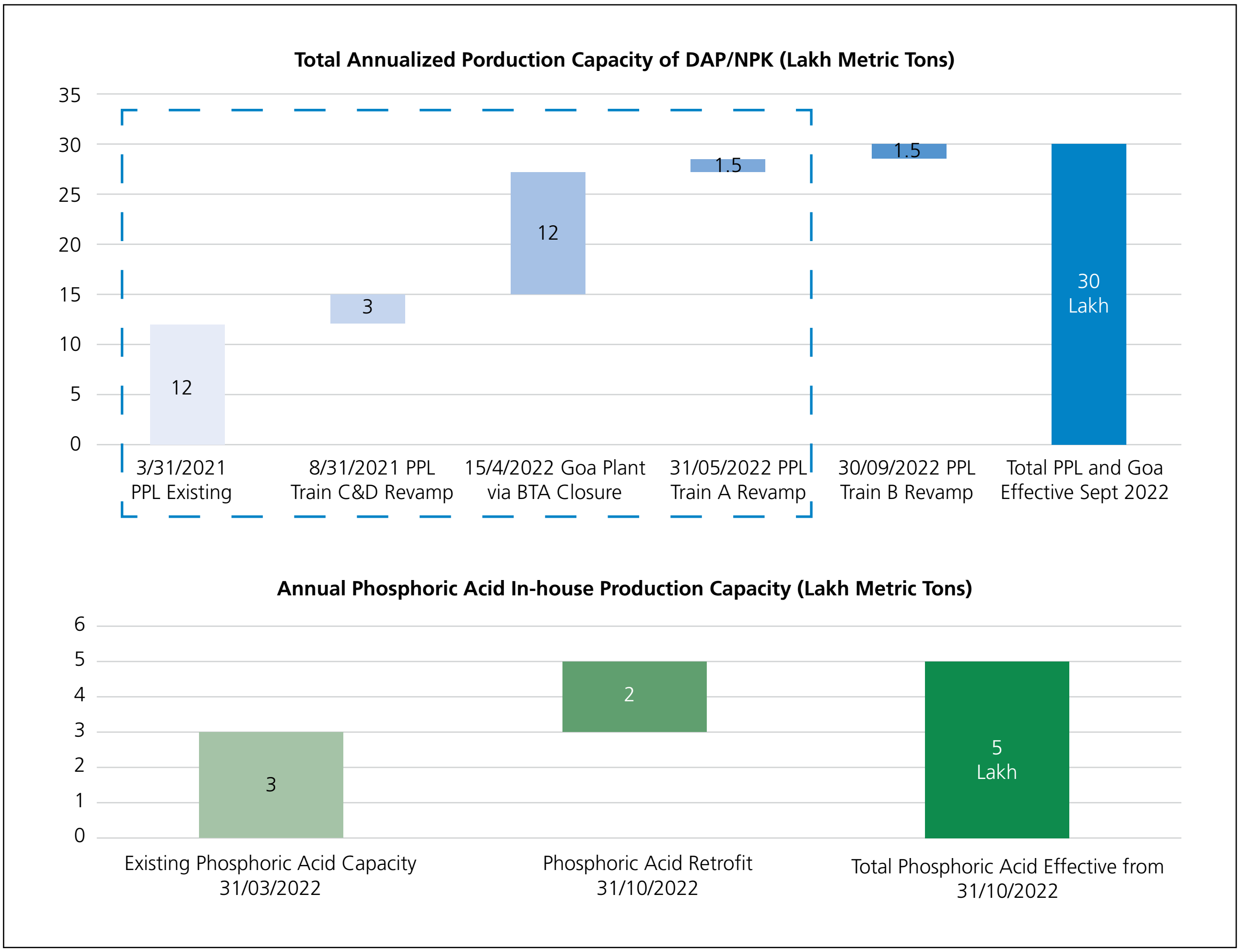
**Significant developments & Opportunities**

PPL got listed on the Indian Stock Exchanges on 27 May 2022 with GOI exiting the company completely. The issue was subscribed 1.75 times, with a QIP subscription of 3.01 times. Post listing, PPL has a strong parentage in ZACL and OCP who together holds 56.10 % while retail holds 15.79 % and the balance is held by marquee DIIs, FIIs and Corporate Bodies.

PPL is organically ramping up its manufacturing capacity from 1.2 MMTPA to 1.8 MMTPA by Q3 FY2023. The run-rate at the end of March 2022 is 1.5 MMTPA.

PPL completed the acquisition of the Goa Plant of ZACL on 01 June 2022 which added 1.2 MMTPA (0.8 MMTPA of NPKs and 0.4 MMTPA of Urea) to its capacity. Post-acquisition, PPL's total capacity run-rate as of March 2022 is 2.7 MMTPA which will further increase to 3 MMTPA by FY2023.

PPL is ramping up the phos-acid capacity from 3,00,000 to 5,00,000 by end of Q3 FY2023. This will ensure PPL site is backward integrated to more than 90% requirement of its own phos-acid thereby providing a fillip to PPL's bottomline.




PPL, with its revamped capacity of 3 MMTPA and a backward integrated phos-acid capacity of 5,00,000 tons by Q3 FY2023 is poised to capture the growing non-urea phosphatic space of the Indian fertilizer industry. PPL's competitive advantage includes its parentage in OCP which is the global leader in phosphates having more than 70% of known global phosphatic reserves. The acquisition of Goa Plant of ZACL further gives PPL access to key western markets of India in addition to the unique and complementary product portfolio of Goa plant.

**Environmental, Social, Governance Initiatives**

PPL as an organization believes in sustainable development. To further strengthen its sustainable journey, PPL has embarked on the journey of ESG (Environmental, Social, Governance) with a leading global advisory firm to bolster and map its organizational best practices with leading frameworks.

**Farmer First Foremost**

Farmers are a vital part of the existence of our society, hence 'Empowering Farmers' is the first step towards 'Empowering Communities'. PPL has always placed the interests of farmers first, bettering the way they live and work, while at the same time creating value for the company's stakeholders.

Creating a sustainable future for the farmers, where they are considered as our partners, PPL strives to enhance productivity through a balanced approach.

**'Serving Farmers Saving Farmers' initiative**

PPL's 'Serving Farmers Saving Farmers' initiative in Odisha and the adjoining states is an extensive outreach programme, wherein a large-scale farming community is trained on scientific crop management practices and agronomic practices and solutions. The main objective of the programme is to raise the contribution of the agricultural sector at state and at national level.

The company has a dedicated team of field workers across 16 states which carries out activities such as farmers meetings, seed treatment drives, plant protection campaigns, crop seminars field demonstrations, field days, kisan mela, exhibitions, mobile campaigns and retailers' meetings.

**Farmer's Training School (FTS)**

As a part of PPL's Public Private Partnership Programme with Government of Odisha, the Farmer's Training School (FTS) is set up, to provide agri skills to farmers in a classroom setting.

Initiated in 2011 at Bhubaneshwar, with an objective to expose farmers to best practices and successful models for improving their knowledge on modern agricultural practices of crop production and increased farm income, the centre is equipped with modern training aids, and also houses an explanatory museum showing key aspects of agriculture for training purposes through an effective display using three-dimensional clay models.

**Analysis of Financial Performance**

The analysis in this section relates to the consolidated financial results of the year ended March 31, 2022.

The financial statements of the company and its joint venture are prepared as per the Indian Accounting Standards (referred to as 'Ind AS') prescribed under section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, as amended from time to time.

Significant accounting policies used in the preparation of the financial statements are disclosed in the notes to the consolidated financial statements.

During FY2022, the company recorded operating revenue of ₹ 7,868.72 crores, which is 52.2% higher compared to the revenue for FY2021. Net profit increased 78.5% to ₹ 398.45 crores from earlier year's ₹ 223.26 crores.  An analysis of revenue and expenditure is provided below.

**Revenue**

| (₹ in cr) | FY22 | FY21 | Change |
|---|---|---|---|
| Operating revenue | 7,858.72 | 5,164.73 | 52.2% |
| Other income | 39.27 | 19.21 | 104.4% |
| Total revenue | 7,897.99 | 5,183.94 | 52.4% |

The waning of fears and lifting of lockdowns related to Covid-19 helped the company generate higher revenue.

**Product-wise revenue**

(₹ in cr)

| Type of fertiliser | Product | FY22 | FY21 | Change% |
|---|---|---|---|---|
| Nitrogenous | Urea | | | |
| Potassic | Muriate of Potash | 89.33 | 312.55 | (71%) |
| Complex | DAP | 1624.42 | 1439.75 | 13% |
| | NPK | 1116.87 | 812.65 | 37% |
| Operating revenue | | 7,858.72 | 5,164.73 | 52.2% |

### Revenue from manufactured products and traded products

| (₹ in cr) | FY22 | FY21 | Change% |
|---|---|---|---|
| Manufactured products | 2958.25 | 2323.64 | 27% |
| Traded products | 845.85 | 1335.64 | 37% |
| Operating revenue | 7,858.72 | 5,164.73 | 52.2% |

### Other Income

| (₹ in cr) | FY22 | FY21 | Change |
|---|---|---|---|
| Other income | 39.27 | 19.21 | 104.4% |

Other income went up on account of reversal of excess provision written back.

### Cost of materials

| (₹ in cr) | FY22 | FY21 | Change |
|---|---|---|---|
| Cost of materials consumed | 5,246.22 | 2,265.12 | |
| Purchase of stock in trade | 1,428.28 | 1,380.20 | |
| Changes in inventories | (393.24) | 225.83 | |
| Total materials | 6,281.26 | 3,871.15 | 62.3% |
| Operating revenue | 7,858.72 | 5,164.73 | 52.2% |
| Cost of materials / Operating revenue | 79.9% | 75.0% | |

The cost of materials increased to 79.9% of revenue in FY22 from 75% in FY21. This implies the company could not pass on the increased costs to customers, which is a normal feature in our line of business as the prices are controlled by the government on a selective basis.

### Employee benefits

| (₹ in cr) | FY22 | FY21 | Change |
|---|---|---|---|
| Employee benefits | 138.51 | 139.19 | -0.5% |
| % of Total Revenue | 1.8% | 2.7% | |

The decrease in employee costs during FY22 is because of disproportionate increase in revenue.

### Finance costs

| (₹ in cr) | FY22 | FY21 | Change |
|---|---|---|---|
| Finance costs | 85.54 | 111.43 | -23.2% |
| % of Revenue | 1.1% | 2.2% | |

Finance costs decreased as the long-term borrowings have been repaid during the year out of the internal accruals and reduction of short-term borrowings due to improved cash flows.

### Depreciation and Amortisation

| (₹ in cr) | FY22 | FY21 | Change |
|---|---|---|---|
| Depreciation and Amortisation | 90.46 | 83.33 | 8.6% |
| % of Revenue | 1.2% | 1.6% | |

The increase in Depreciation and Amortisation is due to capitalisation of DAP-C & D train.

### Other expenses

| (₹ in cr) | FY22 | FY21 | Change |
|---|---|---|---|
| Other expenses | 767.84 | 612.14 | 25.4% |
| % of Revenue | 9.8% | 11.9% | |

The increase in other expenses by 25.4% is mainly on account of the increase in the amounts spent on tolling related exp and exchange fluctuation.

### Income tax

| (₹ in cr) | FY22 | FY21 | Change |
|---|---|---|---|
| Income tax | 136.54 | 143.24 | -4.7% |
| Profit before tax | 534.99 | 366.50 | 46.0% |
| Tax as % of Profit before tax | 25.5% | 39.1% | |

The effective tax rate for FY22 decreased for the reason of opting of lower regime income tax rate u/s 115 BAA.

### Balance sheet items (Assets)

- Increase in the gross block of PPE from ₹ 1584 cr to ₹ 1706 cr represents mainly capitalisation of DAP C train, etc.
- Increase in CWIP from ₹ 220.06 cr to ₹ 336.29 cr represents DAP train A&B, 4th evaporator and new Phos Acid project.
- Other non-current assets increased to ₹ 1182.77 cr from ₹ 23.21 cr. The increase is on account of advance paid for acquiring Goa plant.
- Inventories increased from ₹ 899.05 cr to ₹ 2,293.22 cr in tandem with the increase in production and sales during the year.
- Increase in current investments from ₹ 122.04 cr to ₹ 550.36 cr represents investment in liquid mutual fund.
- Decrease in Receivables from ₹ 1,155.59 cr to ₹ 902.48 cr represents subsidy from GOI.
- Increase in Cash and cash equivalents from ₹ 91.52 cr to ₹ 537.84 cr represents fixed deposit towards margin money.
- Increase in Other current financial assets to ₹ 338.44 cr from ₹ 195.92 cr is on account of discount receivable from suppliers of imported raw material.

### Balance sheet items (Liabilities)

- Equity share capital increased from ₹ 700.34 cr to ₹ 7,703.76 cr upon the issue of 700,342,000 bonus equity shares in the ratio of 10:1.
- The increase in Other equity from ₹ 1,252.06 cr to ₹ 1649.55 cr was the net result of the addition of the profit for the year and payment of dividend.
- The non-current borrowing increased from ₹ 113.41 cr to ₹ 528.17 cr due to borrowings taken for DAP revamp/4th evaporator and phos acid project.
- Current borrowings increased to ₹ 2,426.12 cr from ₹ 1,137.76 cr as the company required more working capital funds to facilitate the increased procurement, stocking and selling operations during the year.
- Trade payables increased from ₹ 939.51 cr to ₹ 2,273.38 cr in line with the increased procurement of raw materials and other items.

**Key financial ratios**

| Ratio | Numerator | Denominator | Current year | Previous year | % change |
|---|---|---|---|---|---|
| Current ratio (in times) | Total current assets | Total current liabilities | 1.02 | 1.24 | -18% |
| Debt-Equity ratio (in times) (Note a) | Total borrowings | Total equity | 1.33 | 0.68 | 94% |
| Debt service coverage ratio (in times) | Earning for Debt Service = Profit for the year + Interest expenses + Depreciation and amortisation expenses + Other non-cash adjustments | Debt service = Interest + Principal repayments | 2.79 | 2.66 | 5% |
| Return on equity ratio (in %) (Note b) | Profit for the year | Average total equity | 19.63% | 13.02% | 51% |
| Inventory turnover ratio (in times) | Revenue from operations | Average inventory | 4.92 | 5.22 | -6% |
| Trade receivables turnover ratio (in times) (Note c) | Revenue from operations | Average trade receivables | 7.35 | 3.06 | 140% |
| Trade payables turnover ratio (in times) | Purchase of raw materials and traded goods | Average trade payables | 4.77 | 4.23 | 13% |
| Net capital turnover ratio (in times) (Note d) | Revenue from operations | Average working capital (i.e. Total current assets less Total current liabilities) | 24.20 | 10.27 | 136% |
| Net profit ratio (in %) | Profit for the year | Revenue from operations | 5.07% | 4.33% | 17% |
| Return on capital employed (in %) | Profit before tax and finance costs | Capital employed = Tangible Net worth + Total debt + Deferred tax liabilities | 11.76% | 15.08% | -22% |
| Return on investment (in %) (Note e) | Income generated from invested funds | Average investments | 2.00% | 0.45% | 346% |

**Notes:**

a The % change is primarily on account of increase in borrowings during the year.

b The % change is primarily on account of higher profits earned during the year.

c The % change is primarily on account of better collection from trade receivables during the year.

d The % change is primarily on account of better working capital management aided by better collection from the customers during the year.

e The % change is primarily on account of better return from investments during the year.

### Credit rating

Our rating agency ICRA Limited re-affirmed the following credit ratings for the company on July 16, 2021:

| Agency | Instrument | Rating | Outlook |
|---|---|---|---|
| ICRA Limited | Line of credit | ICRAA (long term)<br>ICRAA1 (short term) | Watch with negative Implication |

### Segment-wise or product-wise performance

The Company's operations fall within a single business segment "Fertilisers and Other Trading Materials".

### Sub-division of the face value of equity shares

With the approval of the members of the Company on 1 June 2021, the company sub-divided

1 equity share of the face value of ₹ 1,000 each into 100 equity shares of ₹ 10 each.

### IPO

The Company has completed the Initial Public Offering (IPO) of 35,75,55,112 Equity Shares of ₹ 10 each at a price of ₹ 42 per Equity Share aggregating to ₹ 1,501.73 cr comprising a fresh issue of 23,90,47,619 Equity Shares amounting to ₹ 1,004.00 crores and an Offer For Sale (OFS) of 11,85,07,493 Equity shares amounting to ₹ 497.73 cr. The OFS comprised 11,24,89,000 equity shares by the Government of India amounting to ₹ 472.45 cr and 60,18,493 equity shares by Zuari Maroc Phosphates Pvt Ltd amounting to ₹ 25.28 cr.

Upon completion of the IPO, the Equity Shares of the Company got listed on National Stock Exchange (NSE) and BSE Limited on May 27, 2022.

The amount of ₹ 1,004.00 cr, raised through fresh issue of equity shares net of issue expenses, would be utilized toward part-financing the acquisition of the Goa Facility ₹ 520 cr, repayment/prepayment of our borrowings ₹ 300 cr. The balance amount would be utilized for general corporate expenses.

### Divestment of shares by the Government of India

Through the offer or sale in the IPO, the government divested its residual stake of 19.55% in the company. The initial divestment took place when the government sold 74% of its stake in 2002. Thus, after this second round of stake sale by the government, the company became fully a private company.

### Acquisition of Goa fertiliser plant

On 1 June 2022, the Company acquired the Goa fertiliser plant from Zuari Agro Chemicals Limited on a slump sale basis. This acquisition will help the company grow inorganically and reach out to new markets.

### Outlook

Demand for food is a derivative of the growing population and increasing consumption of food per person. On the other hand, the availability of land for agriculture is limited and in fact, it is shrinking with the ongoing urbanisation and industrialisation. If we have to meet the growing demand for food from the shrinking availability of cultivable land, the only solution is to increase the productivity of the land and fertilisers play a crucial role in increasing the average crop yields per acre. Thus, the demand for fertilisers can be considered everlasting due to these fundamental dynamics.

Government measures like subsidies, rising rural income levels, easy availability of credit, gaining acceptability for contract farming, increasing efficiencies in the agricultural value through technologies like IoT / ML and promotion of fertilizers through visual media are expected to add further momentum to the demand for fertilisers.

Post-acquisition of the Goa fertiliser plant from Zuari Agro Chemicals Limited, we foresee exciting opportunities in terms of synergy benefits of operating at a larger scale, expansion of product portfolio, penetration of new markets and deepening the existing markets.

The ongoing capacity expansions at our Paradeep plant will boost our earnings and shareholder value.

Now that the government divested its shareholding in the company, the management is studying the ways to utilise the large parcels of freehold land at Paradeep that remained unused so far.

Against this backdrop, we foresee good opportunities for the company in both the short term and long term.

## MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS

- Efficient and safe operation of manufacturing plants, logistics, marketing and support functions are vital to the sustainability and growth of the company. PPL is having a motivated workforce with a sense of belongingness, which is key to achieve its goals.
- The company has a team of highly qualified and experienced personnel with very low attrition rate.
- Appropriate recruitment, retention and training plans are in place to maintain the company's talent pool. The company has an appropriate system for induction and training of employees. The training and development needs are identified periodically and appropriate training is imparted through internal and external faculties.
- We focus on employees, the core asset of our company, through our various employee engagement programs.
- PPL maintains open and cordial employee relations at the manufacturing plants as well as other locations of its operations.
- During the pandemic, the plant operation was normal without any man-days lost.
- The Government has declared our hospital as authorized Covid'19 vaccination center and as per the guidelines, all regular employees & their family members as well as contract workers have been fully vaccinated during the pandemic.
- The company constantly reviews/revises its policies and practices to stay aligned with the best in the industry.
- The company has won several prestigious awards and accolades in the area of Sustainability, CSR, Environment, Safety, Corporate Excellence and Leadership, and has also been recognised for exemplary leadership in the Chemicals and Fertilizer Sector in the Country.
- The permanent employee strength of the Company is 930 as on March 31, 2022.

## RISKS AND CONCERNS

- Global commodity prices, including prices for raw materials to manufacture fertilizers, were at all-time high in FY2022 and this upward trend is expected in FY2023 as well.
- The fertilizer sector still depends on subsidies from the government. Notwithstanding a timely pay-out of outstanding amount to all fertilizer manufacturers by the government in the wake of a global commodity price-hike, any delay in subsidy disbursement in future may affect fertilizer manufactures.
- Depreciating value of rupee may increase the import bill of fertilizer manufacturers.
- Other risks include, import dependence of fertilizers, imbalanced use of certain fertilizers, lack of reforms in the sector (viz. real DBT).

## DETAILED RISK ANALYSIS

| SL NO | Risks | Description of the risk | Risk Probability (High/ Medium / Low) | Risk Impact (High/ Medium / Low) | Risk Mitigation |
|---|---|---|---|---|---|
| **Strategic Risks** | | | | | |
| | Business Model | The business model consists of the complete business value chain of the company and how the company controls and creates the value of each stakeholder | High | High | For better control of the value chain, the company has adopted an integrated business model consisting of backward integration of raw materials, R&D, diversified product portfolio, and strategic location of the manufacturing plants for logistic advantage and strong linkages with the channel partners and farming community. |
| | Macro-Economic | Global and local demand-supply, inflationary fluctuations, country's economic growth, per capital income | M/L | H/M | The management processes of the company are agile and based on favourable or adverse macroeconomic conditions the company can realign its ongoing strategies and operational and financial aspects. |

| SL NO | Risks | Description of the risk | Risk Probability (High/ Medium / Low) | Risk Impact (High/ Medium / Low) | Risk Mitigation |
|---|---|---|---|---|---|
| | Policy/ Regulatory | Central and State Government policies on agriculture and agri-input subsidies | H/M | M/L | The company constantly monitors the regulatory mechanism prevailing in the sector and to an extent has financial and operational agility to reduce any impact as an outcome of unfavourable regulatory policies. |
| | Market Competition | Risk related to competition from peer group companies | H/M | H/M | The company has expanded to become a leading integrated fertilizer manufacturer and the 2nd largest phosphatic player in the country. Company's brands 'Jai Kisaan' and 'Navratna' have an exceptional brand equity amongst farmers, dealers and retailers. |
| **Climate & Climate Change Risks** | | | | | |
| | Monsoon and climate change | Climatic conditions are cyclical in nature. Seasonal variations in monsoon and unfavorable local and global weather patterns may have an adverse effect on agri inputs sales. | M | H | The company has a market presence in 16 states and has been increasing its distribution network which can help in mitigating risk related to deficient or excess rainfall or any such climatic impacts. |
| **Financial Risks** | | | | | |
| | Interest Rate Risk | An increase in the interest rate can put constraints on borrowings, and impact margins. | M/L | H | The company has been maintaining a healthy debt-equity ratio. During FY22 the company also reduced its financial costs by repaying the long-term borrowings. |
| | Credit Risk | | H/M | H | In case of products supplied on credit, the company has creditworthiness data for every dealers/farmers and our collection team keeps a close watch on the dealers/farmers concerning any deviation. The company also sets credit limits for all dealers/farmers based on due diligence on creditworthiness. With respect to receipt of subsidies our lesioning team closely interact with the concerned authorities for an early realisation of all dues to the company. The company also has a internal mechanism to manage LCs. |
| | Liquidity Risk | | H/M | H | The company has been maintaining a health revenue growth and cash flow. |
| **Operational Risk** | | | | | |
| | Location Risk | Risk related to dependency on single or limited locations of manufacturing, distribution and sourcing. | M/L | H | From one manufacturing unit, the company has expanded to two units, thus reducing the single location risk. The company acquired the Goa fertilizer plant from Zuari Agro Chemicals Limited. |

| SL NO | Risks | Description of the risk | Risk Probability (High/ Medium / Low) | Risk Impact (High/ Medium / Low) | Risk Mitigation |
|---|---|---|---|---|---|
| | Pandemic Risk | Risk related to pandemics such as Covid, on employees, associates as well as impact on the income of potential customers. | H/M | H | The company was able to manage the pandemic by providing prudent safety and health initiatives including working from home options for administrative staff. |
| | People Risk | Risk related to retaining talent and acquiring talent. | H/M | H | The company has a congenial working culture. All employees are given opportunities to excel in their areas of operations. The company organizes skill and behavioural training programs for the holistic development of the human capital. Various HR initiatives have resulted in low attrition rate. |

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Internal financial Control Systems of the Company commensurate with the size and the nature of the operations. They have been designed to provide reasonable assurance with recording and providing reliable financial and operational information, complying with the applicable Accounting Standards and relevant statutes, also safeguarding the assets from unauthorized use and executing transactions with proper authorization coupled with ensuring compliance of corporate policies through documented Standard Operating Procedures (SOP) and Limits of Financial Authority Manual (LOAM). These documents are reviewed and updated on an ongoing basis to improve the internal control system and operational efficiency. The Company uses a state of the art ERP (SAP S/4 HANA -high performance analytic appliance) system and GRC software, which have higher controls in place.

The Company has appointed Independent Internal Auditors who periodically audit the adequacy and effectiveness of the internal controls and suggest improvements. The scope and authority of the Internal Audit function is defined in the Internal Audit Charter. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee. The Internal Audit team develops an annual audit plan based on the risk profile of the business activities. The Internal Audit plan is approved by the Audit Committee. Internal Control Systems are reviewed by the Audit Committee and headed by a Non-Executive Independent Director on a regular basis for its effectiveness, and the necessary changes suggested are interpreted into the system. The Internal Audit Report is reviewed by the Audit Committee of the Board.

# NOTICE

To

**The Members,**

NOTICE is hereby given that the Fortieth ($40^{th}$) Annual General Meeting of the Members of Paradeep Phosphates Limited ("the Company") will be held on Monday, September 12, 2022, at 4.30 P.M. (IST), through Video Conference ("VC") / Other Audio Visual Means ("OAVM") ("hereinafter referred to as "electronic mode") to transact the following business:

**Ordinary Business:**

1. **To receive, consider and adopt**

   (a) The Audited Financial Statements of the Company for the financial year ended $31^{st}$ March, 2022 and the Reports of the Board of Directors and Auditors thereon.

   (b) The Audited Consolidated Financial Statements of the Company for the financial year ended $31^{st}$ March, 2022 and the Report of the Auditors thereon.

2. To re-appoint Mr. N. Suresh Krishnan (DIN – 00021965), Managing Director who retires by rotation and being eligible, offers himself for re-appointment.

3. To re-appoint Statutory Auditors and fix their remuneration and in this regard, to pass the following resolution as an Ordinary Resolution.

   RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as may be applicable and pursuant to the recommendations of the Audit Committee, M/s. B.S.R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022 ), be and are hereby reappointed as Statutory Auditors of the Company, to hold office from the conclusion of $40^{th}$ Annual General Meeting until the conclusion of the $45^{th}$ Annual General Meeting.

   RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to fix the remuneration of Statutory Auditors and their terms of engagement according to the scope of their services as Statutory Auditors and other permissible assignments, if any, in line with prevailing rules and regulations made in this regard.

**Special Business:**

4. **Ratification of Remuneration to Cost Auditor**

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

   RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration payable to M/s. S.S. Sonthalia & Co., Cost Accountant in practice, appointed by the Board of Directors of the Company as Cost Auditor to conduct the audit of the cost records of the Company for the Financial Year 2022-23, being INR 3,00,000/- (Rupees Three Lakhs only) plus applicable taxes and out of pocket expenses incurred by him in connection with the aforesaid audit, be and is hereby ratified and confirmed.

   RESOLVED FURTHER THAT the Board of Directors is authorized to take all such steps as may be necessary, proper or expedient to give effect to the aforesaid resolution

5. **Approval of Material Related Party Transaction(s) to be entered into with related parties**

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

   "RESOLVED THAT pursuant to the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, the applicable provisions of the Companies Act, 2013 ("the Act") if any read with the rules framed thereunder (including any statutory amendment(s) or re-enactment(s) thereof, for the time being in force, if any), the approval of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "Board", which term shall be deemed to include any duly authorized Committee constituted / empowered by the Board, from time to time, to exercise its powers conferred by this resolution), for entering into and / or carrying out and / or continuing with existing contracts / arrangements/ transactions with (whether individual transaction or transaction(s) taken together or /series of transaction(s) or otherwise), OCP S.A. , Indo Maroc Phosphare S. A., Phosphates De Boucraa S.A and Jorf Fertiliser S.A being related parties of the Company, whether by way of continuation(s) or renewal(s) or extension(s) or modification(s) of earlier/ arrangements/ transactions or as fresh and independent transaction(s) or otherwise for a period of three years commencing form financial year 2022-2023 to financial year 2024-25, as per the details set out in the explanatory statement annexed to this notice, provided however, that the said contract(s)/ arrangement(s)/ transaction(s) shall be carried out at an arm's length basis and in the ordinary course of business of the Company."

"RESOLVED FURTHER THAT the Board be and is hereby severally authorised to execute all such agreements, documents, instruments and writings as deemed necessary, with power to alter and vary the terms and conditions of such contracts/ arrangements/ transactions, settle all questions, difficulties or doubts that may arise in this regard, as they may in their sole and absolute discretion deem fit, file requisite forms with the regulatory authorities and to do all such acts, deeds, matters and things as may be considered necessary and appropriate and to delegate all or any of its powers herein conferred to any authorized person(s) to give effect to this resolution."

**6. Payment of remuneration to Directors other than Managing / Whole-Time Directors**

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 197, 198 and other applicable provisions, if any, of the Companies Act, 2013, Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including any statutory modification(s) or re-enactment thereof for the time being in force), Regulation 17(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Articles of Association of the Company, the approval of the members be and is hereby accorded for payment of remuneration to the Non-Executive Directors (whether existing or future), for their services collectively up to 1% of the net profits computed in the manner referred to in Section 198 of the Companies Act, 2013, for each financial year over a period of 3 financial years commencing from financial year ending on 31st March 2023, in such proportion/ manner as may be determined by the Board of Directors of the Company, subject to a maximum of ₹ 10,00,000 per annum per Director, payable at such periodicity as the Board may deem fit and for the period less than a year in any financial year, the amount shall be prorated.

RESOLVED FURTHER THAT such remuneration paid to the Non-Executive Directors (whether existing or future) will be in addition to the payment of sitting fees and reimbursement of expenses, if any, to the Directors for attending the meetings of the Board of Directors or Committees thereof.

RESOLVED FURTHER THAT the Board of Directors, or the Nomination and Remuneration Committee of the Board, be and are hereby authorized to do all such acts, deeds, matters and things as may be necessary to give effect to this Resolution and to settle any questions, difficulties or doubts that may arise in this regard.

**7. Borrow and mortgage / charge the Company's properties in favour of its lenders**

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

"RESOLVED THAT in supersession of the Special Resolution passed by the Shareholders' on 17th September 2021 and pursuant to the provisions of Section 180 (1) (c) and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof, for the time being in force), the Rules notified there under and the Articles of Association of the Company, approval of the Shareholders' be and is hereby accorded to the Board of Directors to borrow money through loans, advances, credit etc. for both domestic and foreign currency borrowings up to INR 15,000 crore (including Public Deposits but excluding temporary loans obtained from the Company's bankers in the ordinary course of business) from banks, financial institutions and other sources from time to time for the purpose of financing the working capital requirements as also for acquisition of capital assets and / or for the purpose of any other requirements of the Company, both for capital and revenue in nature, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes."

"RESOLVED FURTHER THAT in supersession of the Special Resolution passed by the Shareholders on 17th September 2021 and pursuant to the provisions of Section 180 (1)(a) and all other applicable provisions, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force), the Rules notified there under and the Articles of Association of the Company and such other approvals as may be necessary, approval of the Shareholders be and is hereby accorded to the Board of Directors to mortgage and / or charge, in addition to the mortgages/ charges created / to be created by the Company in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the moveable / immoveable properties of the Company, both present and future and / or whole or any part of undertaking (s) of the Company in favour of the lender(s), Agent(s) and Trustee(s), for securing the borrowings of the Company availed / to be availed by way of loan(s) in foreign currency and / or rupee currency and Securities (comprising fully / partly Convertible Debentures and / or Non-Convertible Debentures, on all or any of the above, with or without detachable or non-detachable warrants and /or secured premium notes and / or floating rates notes / bonds or other debt instruments) issued / to be issued by the Company, from time to time, subject to the limits approved under Section 180(1)(c) of the Companies Act, 2013, together with interest at the respective agreed rates, additional interest, compound interest, in case of default accumulated interest, liquidated damages, commitment charges premia on prepayments, remuneration of the Agent (s) / Trustee (s), premium (if any) on redemption, all other costs, charges and expenses as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s) / Heads of Agreement(s), Trust Deed (s) or any other document, entered into / to be entered into between the Company and the Lender (s) / Agent (s) / Trustee (s), in respect of the said loans / borrowings / debentures / bonds or other securities and containing such specific terms and conditions covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the Lender(s)/Agent(s)/ Trustee(s)."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board / Finance Committee of the Board or officers authorized by them in this regard be and are hereby authorized to finalize, settle and execute such documents/deeds/writings/ papers, agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulties or doubts that may arise with regard to borrowings and creating mortgages / charges as aforesaid."

**By Order of the Board of Directors**

**Sachin Patil**
Company Secretary
A31286

Date: 2nd August, 2022

Registered Office: 5th Floor, OSHWC Building,
Pandit J N Marg, Bhubaneswar – 751 001

NOTES:

1. The related Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the business under Item Nos. 3 to 7 is annexed hereto. Additional information, pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Director seeking re-appointment at the AGM, forms part of this Notice.

2. The Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020, Circular No. 02/2021 dated January 13, 2021, Circular No. 19/2021 dated December 08, 2021, Circular No. 21/2021 dated December 14, 2021 and Circular No. 2/2022 dated May 05, 2022 (hereinafter collectively referred to as "MCA Circulars") has permitted the holding of Annual General Meeting through video conferencing (VC) or other audio visual means (OAVM). The AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.

3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shares), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination & 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.

4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

5. Pursuant to MCA Circulars and SEBI Circulars dated May 12, 2020, January 15, 2021 and May 13, 2022, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.

6. The Notice of the 40th Annual General Meeting along with the Annual Report for the financial year 2021-22 is being sent only by electronic mode to those Members whose email addresses are registered with the Company/Depositories in accordance with the aforesaid MCA Circulars and circulars issued by SEBI dated May 12, 2020, January 15, 2021 and May 13, 2022. The Notice calling the AGM and Annual Report for the financial year 2021-22 has been uploaded on the website of the Company at www.paradeepphosphates.com. The Notice and Annual Report for the financial year 2021-22 can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.

7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circulars. Since the AGM will be held through VC/OAVM, the route map and attendance slip are not annexed in this Notice.

8. The Company's Registrar & Share Transfer Agents (RTA) are :

   Link Intime India Private Limited
   C-101, 247 Park,
   L B S Marg, Vikhroli (W)
   Mumbai 400 083
   Tel : 022-49186000
   Fax: 022-49186060
   E-mail: rnt.helpdesk@linkintime.co.in
   Website: www.linkintime.co.in

9. Pursuant to the provisions of Section 124 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and rules made thereunder, there are no unclaimed dividend amounts pending for transfer to IEPF.

10. Members are advised to avail the facility for receipt of future dividends through National Electronic Clearing Services (NECS). The ECS facility is available at specified locations. Shareholders holding shares in electronic form are requested to contact their respective Depository Participant for availing NECS facility. The Company or our RTA cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates.

11. Pursuant to the provisions of Section 72 of the Companies Act, 2013, members can avail facility for nomination in respect of the shares held by them. Members holding shares in electronic form may contact their respective Depository Participant for availing this facility.

12. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their Demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat accounts.

14. Members are requested to notify any change in their postal/mail or email address:

    (i) To their Depository Participants (DPs) in respect of the shares held in Demat form and

    (ii) In case the mailing address registered with the Company is without the PINCODE, kindly inform the same to DP or the Company, as mentioned above.

15. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or Arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 will be available electronically for inspection by the Members on the website of the Company at https://www.paradeepphosphates.com/agms-egms-and-postal-ballots.php during the time of AGM.

16. To support the 'Green Initiative' in the Corporate Governance taken by the Ministry of Corporate Affairs, to contribute towards the Greener Environment and to receive all documents, Notices, including Annual Reports and other communications of the Company, investors should register their e-mail addresses with the Depository Participant, if the shares are held in electronic mode.

**17. Voting Process:**

**A. Process and manner for members opting to vote through electronic means:**

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020, the Company is providing facility of remote e-voting to its Members in respect of the businesses to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

**THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:**

(i) **The remote e-voting period begins on Friday 9th September, 2022 at 10.00 A.M. (IST) and ends on Sunday 11th September, 2022 at 5.00 P.M.(IST). During this period shareholders' of the Company, holding shares, as on the cut-off date being Monday 5th September, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.**

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote during the meeting.

(iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020,** under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

**Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.**

(iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in Demat mode with **CDSL Depository** | 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi.<br>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.<br>3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration<br>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers. |
| Individual Shareholders holding securities in demat mode with **NSDL Depository** | 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.<br>2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp<br>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting |
| Individual Shareholders (holding securities in demat mode) login through their **Depository Participants (DP)** | You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

| Login type | Helpdesk details |
|---|---|
| Individual Shareholders holding securities in Demat mode with **CDSL** | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33. |
| Individual Shareholders holding securities in Demat mode with **NSDL** | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30. |

**Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.**

(v) Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.

1) The shareholders should log on to the e-voting website www.evotingindia.com.

2) Click on "Shareholders" module.

3) 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. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

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

5) If you are holding shares in demat form and had logged on to www.evotingindia.com.

   and voted on an earlier e-voting of any company, then your existing password is to be used.

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

| | For Physical shareholders and other than individual shareholders holding shares in Demat. |
|---|---|
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)<br>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA. |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.<br>• If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field. |

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

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

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

(ix) Click on the EVSN of PPL.

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

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

(xii) 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.

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

(xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xv) 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.

(xvi) There is also an optional provision to upload BR/ POA if any uploaded, which will be made available to scrutinizer for verification.

(xvii) **Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- 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 will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required mandatory 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 at cs.sbhat@gmail.com and to the Company at the email address viz; cs.ppl@adventz.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for remote e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.
5. Further shareholders will be required to allow Camera and use internet with a good speed to avoid any disturbance during the meeting.
6. 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.

7. Shareholders who would like to express their views/ ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at cs.ppl@adventz.com.

8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending upon the availability of time.

9. Only those shareholders, who are 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 during the AGM.

10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.**

1. For Demat shareholders -, Please update your email ID & mobile no. with your respective Depository Participant (DP).

2. For Individual Demat shareholders – Please update your email ID & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) 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 toll free no. 1800 22 55 33.

**General instruction/information for Members for voting on the Resolutions:**

a) The voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company, subject to the provisions of the Section 108 of the Companies Act, 2013 and Rules made thereunder, as amended, as on the cut-off date, being **5th September 2022.** The person who is not a member as on cut-off date should treat this notice for information purpose only. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the Notice of AGM and holding shares as on the cut-off date 5th September, 2022 may please refer the voting instructions in the AGM Notice for remote e-voting/e-voting.

b) Mr. Shivaram Bhat, Practicing Company Secretary (Membership No. 10454 ) has been appointed by the Board of Directors of the Company as the Scrutinizer for scrutinizing the remote e-voting process as well as voting during the meeting, in a fair and transparent manner.

c) The Scrutinizer shall immediately after conclusion of the Annual General Meeting, count votes casted on the day of the meeting, thereafter unblock the votes cast through remote e-voting.

d) The Scrutinizer will submit, within 2 working days of conclusion of the AGM, a consolidated scrutinizer's report, of the total votes cast in favour or against, if any, to the Chairman of AGM or any other Director or Company Secretary authorized by the Chairman of the AGM in writing who will countersign the same and declare the result of the voting forthwith, which shall be displayed on the Notice Board of the Company at its Registered Office. The result will also be displayed on the website of the Company at www.paradeepphosphates.com, besides being communicated to Stock Exchanges.

# EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

**Item No. 3: Re-appointment of M/s BSR & Co. LLP, as Statutory Auditors of the Company**

M/s. BSR & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors of the Company by the Members at the 35th Annual General Meeting (AGM) to hold office from the conclusion of the 35th AGM till the conclusion of the 40th AGM .

The present term of the BSR & Co. LLP, Chartered Accountants will expire at the ensuing 40th Annual General Meeting. BSR & Co. LLP, Chartered Accountants are eligible for re-appointment for a second term of five years in terms of the provisions of section 139 of the Companies Act, 2013 ("the Act") read with the Companies (Audit and Auditors) Rules, 2014.

The Company has received written consent from BSR & Co. LLP, stating that their appointment, if made, shall be in accordance with the statutory requirements under the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 as amended from time to time.

B S R & Co LLP. ('the firm ') was constituted on 27 March 1990 as a partnership firm having firm registration no. as 101248W. It and was converted into limited liability partnership i.e. B S R & Co. LLP on 14 October 2013 thereby having a new firm registration no. 1 0 I 248WI W-1 00022.

B S R & Co. LLP is a member entity of B S R & Affiliates, a network registered with the Institute of Chartered Accountants of India. B S R & Co. LLP is registered in Mumbai, Gurgaon, Bangalore, Kolkata, Hyderabad, Pune, Chennai, Chandigarh, Ahmedabad, Vadodara, Noida, Jaipur and Kochi. B S R & Co. LLP has over 3000 staff and 100+ Partners. B S R & Co. LLP audits various companies listed on stock exchanges

The Audit Committee having considered the audit experience; the audit team; market standing of the firm; clientele served; technical knowledge etc. have recommended the reappointment of BSR & Co. LLP to the Board of Directors of the Company.

Based on the recommendation of the Audit Committee, the Board of Directors at their meeting held on August 02, 2022, recommended the re-appointment of M/s BSR & Co. LLP, as the Statutory Auditors to hold office from the conclusion of 40th AGM till the conclusion of 45th AGM, subject to the approval of Shareholders at the ensuing AGM.

The Board of Directors recommends the passing of resolution at item No. 3 as an Ordinary Resolution.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMP are concerned or interested in this resolution.

**Item No. 4: Ratification of Remuneration to Cost Auditor**

The Board, on the recommendation of the Audit Committee, has approved the re-appointment and remuneration of M/s. S.S. Sonthalia & Co., Cost Accountant in practice as the Cost Auditor to conduct the audit of the Cost Accounts of the Company for the financial year 2022-23 at a remuneration of INR 3,00,000 /- (Rupees Three Lakhs only) plus applicable taxes and out of pocket expenses incurred by him in connection with the aforesaid audit.

In terms of provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the Members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial Year 2022-23.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMP are concerned or interested in this resolution.

**Item No. 5: Approval of Material Related Party Transaction(s) to be entered into with related parties**

The provisions of the SEBI Listing Regulations, as amended by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, effective April 1, 2022, mandates prior approval of Members by means of an ordinary resolution for all material related party transactions, even if such transactions are in the ordinary course of business of the concerned company and at an arm's length basis. A transaction with a related party shall be considered as material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed(s) ₹ 1,000 crores, or 10% of the annual consolidated turnover as per the last audited financial statements of the listed entity, whichever is lower.

The Company, proposes to enter into transactions with its related party mentioned in Resolution at Item no. 5 of the Notice, as per the terms and conditions as mutually agreed upon by the Company with the related parties. The proposed related party transactions during the years 2022-23 to 2024-25 would be in the ordinary course of business of the Company and be entered into at an arm's length basis, but may, in aggregate, exceed the applicable materiality thresholds as mentioned above.

Accordingly, as per the SEBI Listing Regulations, prior approval of the Members is being sought for all such arrangements / transactions to be entered / proposed to be entered into by the Company during the years 2022-23 to 2024-25.

Your Board of Directors considered the same and recommends passing of the resolution contained in Item No. 5 of the accompanying Notice. Information required under Regulation 23 of SEBI Listing Regulations read with SEBI Circular dated 22nd November, 2021 is provided herewith:

<table>
<tr><td>1</td><td>Name of the Related Party</td><td>OCP S.A. , Indo Maroc Phosphare S. A., Phosphates De Boucraa S.A and Jorf Fertiliser S.A</td></tr>
<tr><td>2</td><td>Nature of relationship</td><td>Promoter & promoter group of the company</td></tr>
<tr><td>3.</td><td>Names of the directors or Key managerial Personnel who is related, if any.</td><td>Mr. Karim Senhadji- CFO of OCP Group and Mr. SOUAL Mohamed</td></tr>
<tr><td>4.</td><td>Type, Nature, particulars, material terms of contract</td><td><ul><li>Purchase or supply of raw materials goods and allied activities</li><li>Availing and rendering of services</li><li>Transfer of resources</li><li>Cost recharge/rebate/demurrage to and from related parties</li><li>Interest /claims- receivable/payables</li></ul></td></tr>
<tr><td>5.</td><td>Tenure of the proposed transaction</td><td>Recurring Transactions for a duration of three financial years. Commencing from financial year 2022-23 to financial year 2024-25</td></tr>
<tr><td>6</td><td>Value/Amount of transactions</td><td>Transactions amounting to ₹ 6500 crores in a Financial year with following related parties<br><table><tr><th>Name of Related party</th><th>Amount of Transactions in a year * (Amount in Crores)</th></tr><tr><td>Indo Maroc Phosphates S.A.</td><td>1600</td></tr><tr><td>OCP S.A.</td><td>2500</td></tr><tr><td>Phosphates De Boucraa S.A</td><td>1600</td></tr><tr><td>Jorf Fertiliser S.A</td><td>800</td></tr></table>*Board of Directors may interchange the limit between each of the related parties mentioned above within the overall limit of ₹ 6500 Crores.</td></tr>
<tr><td>7</td><td>Percentage of the Company 's annual consolidated turnover for the immediately preceding financial year that is represented by the value of the proposed transaction</td><td><table><tr><td>Indo Maroc Phosphates S.A.</td><td>20 %</td></tr><tr><td>OCP S.A.</td><td>32%</td></tr><tr><td>Phosphates De Boucraa S.A</td><td>20 %</td></tr><tr><td>Jorf Fertiliser S.A</td><td>10%</td></tr></table></td></tr>
</table>

| | | |
|---|---|---|
| 8. | Justification as to why the RPT is in the interest of the listed entity | • We depend on OCP, Indo Maroc Phosphore S.A. Morocco, Phosphates De Boucraa S.A. and Jorf Fertiliser S.A. for the procurement of our most important raw material by value, Phosphate Rock and Phosphoric acid.<br>• In order to ensure a stable supply of our most important raw material by value, the company has entered into a long term Phosphate Rock supply contract with OCP our promoter and globally leading producer of such raw material and which operates largely in the Morocco and Western Sahara region which has approximately 70% of the global Phosphate Rock reserves according to CRISIL Research, provides us the ability to source cost-effective and increasing amounts of Phosphate Rock as our operations grow.<br>• Arrangement is commercially beneficial.<br>• Competitive pricing and at arm's length with assurance of quality and also provides flexibility to our sourcing during the volatility of supply. |
| 9. | A copy of the valuation or other external party report, if any such report has been relied upon | As the transactions are in the ordinary course of business at arm's length, the transactions do not contemplate any valuation. |
| 10. | Any other information that may be relevant | All relevant information forms part of this explanatory statement |

The Members may please note that in terms of provisions of the SEBI Listing Regulations, the related parties as defined thereunder (whether such related party(ies) is a party to the aforesaid transactions or not) shall not vote to approve the ordinary resolution at Item No. 5 of the accompanying AGM Notice.

None of the other Directors, Key Managerial Personnel or their respective relatives, are in any way concerned or interested in the said resolution.

**Item No. 6: Payment of remuneration to Non-Executive Directors**

The Non-Executive Directors are paid sitting fees for attending the Board and Committee meetings and reimbursement of expenses incurred for attending the meetings of the Board or its Committees. With the constitution of various Committees of the Board, the increasing demand for the independent and professional Directors on various matters relating to the Company and the ever changing regulatory environment, it is advisable to appropriately compensate, attract and retain professionals on the Board. In order to remunerate the Non-Executive Directors (whether existing or future) for rendering their services to the Company, it is proposed to pay remuneration to the Directors (whether existing or future) other than the Managing/Whole-time Directors, collectively upto 1% of the net profits computed in the manner referred to in Section 198 of the Companies Act, 2013, for each financial year over a period of three (3) financial years commencing from the financial year ending on March 31, 2023 subject to the Company achieving budgeted profits for the respective financial years, in such proportion / manner as may be determined by the Board of Directors of the Company, subject to a maximum of INR 10,00,000 per annum per Director, payable at such periodicity as the Board may deem fit. For the period less than a year in any financial year, the amount shall be prorated. The above remuneration will be in addition to the sitting fees and reimbursement of expenses, if any, for attending the meetings of the Board of Directors or Committees thereof.

Accordingly, approval of the Shareholders is sought by way of an Ordinary Resolution for payment of remuneration to the Non-Executive Directors of the Company. The Board recommends the Ordinary Resolution set out under Item No. 6 of the Notice for approval by the members.

The Managing Director and Key Managerial Personnel of the Company and their relatives are not concerned or interested, financially or otherwise, in the Resolution set out at Item No. 6 of the Notice. Non-Executive Directors of the Company and their relatives may be deemed to be concerned or interested in the Resolution set out at Item No. 6 of the Notice to the extent of their shareholding interest, if any, in the Company.

**Item No. 7: Borrow and mortgage / charge the Company's properties in favour of its lenders**

As per Section 180(1)(c) of the Companies Act, 2013 (the Act), the Board of Directors of a company cannot, except with the consent of the Company in general meeting by a Special Resolution, borrow monies, apart from temporary loans obtained from the company's bankers in the ordinary course of business, in excess of the aggregate of the paid up capital and free reserves of the company. Keeping in view of the current increase in raw material price & trading volume of company and operations of Goa plant, the estimated WC limits may increase upto ₹ 12,000 Crores, and the term loan requirement of ₹ 2000 crore and unsecured loan of ₹ 1000 crore.

The consent of the Members is sought in accordance with the provisions of Section 180(1)(c) of the Act to enable the Board to borrow monies, provided that the total amount so borrowed shall not at any time exceed INR. 15,000 crores (Rupees fifteen thousand crores only), or the aggregate of the paid up capital and free reserves of the Company, whichever is higher, apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business.

The borrowings of the Company (existing / proposed) may, if necessary, be secured by way of charge/mortgage/hypothecation on the Company's assets in favour of the lenders as mentioned in the Resolution at Item No. 7. Since the mortgage by the Company of its immovable and movable properties to Banks / Institutions may be regarded as disposal of the Company's properties / undertakings, it is necessary to pass a Special Resolution under Section 180(1)(a) of the Act for creation of charges/mortgages/hypothecations for an amount not exceeding the borrowing limit as approved under Section 180(1)(c) of the Companies Act, 2013.

Accordingly, consent of members is sought by way of Special Resolutions for Item No. 7.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in Item No. 7.

**By Order of the Board of Directors**

**Sachin Patil**
Company Secretary
A31286

Date: 2nd August, 2022

Registered Office: 5th Floor, OSHWC Building,

Pandit J N Marg, Bhubaneswar – 751 001

**Details of the Director seeking re-appointment at the forthcoming Annual General Meeting.**

| **Name of the Director** | **N. Suresh Krishnan** |
|---|---|
| Date of Birth | June 03, 1964 |
| Age | 58 |
| Inter-se relationship with Directors of the Company | None |
| Date of First Appointment | February 16, 2020 |
| Qualification | B.E (Hons.) and M.Sc. from BITS (Pilani) |
| Functional Expertise & Experience including brief resume. | With 34 years of corporate experience in fertilizer, energy and cement sectors, he has been associated with the Adventz Group for over two decades and has been widely acknowledged for his leadership, vision and commitment.<br>His functional experience spans corporate finance, corporate strategy, projects planning, operations and business development.<br>Over the years, he has been instrumental in financing of large Greenfield projects in the domestic and international markets, forging and managing joint ventures and acquisitions and in executing turnaround strategies alongside day-to-day operations in the manufacturing sector. |
| Terms and Conditions of re-appointment | Re-appointment on retirement by rotation |
| Directorship held in other companies (excluding foreign companies & Section 8 companies) along with listed entities from which the person resigned in the past 3 years as on 31st March, 2022. | Zuari Agro Chemicals Limited<br>Zuari Maroc Phosphates Private Limited<br>The Fertiliser Association of India<br>Gobind Sugar Mills Ltd – cessation 28.05.2020<br>Mangalore Chemicals & Fertilizers Limited – cessation 16.09.2021<br>Zuari Industries Limited – cessation 14.02.2020<br>Texmaco Infrastructure & Holdings Limited – cessation 03.03.2020 |

<table>
<tr><th>Name of the Director</th><th colspan="3">N. Suresh Krishnan</th></tr>
<tr><td rowspan="2">Membership/ Chairmanship of Committees of public Companies (includes only Audit Committee and Stakeholders Relationship Committee) as on 31st March, 2022</td><td>Company</td><td>Audit Committee</td><td>Stakeholders' Relationship Committee</td></tr>
<tr><td>Zuari Agro Chemicals Limited</td><td>Member</td><td>Chairman</td></tr>
<tr><td>Shareholding in the Company, including shareholding as a beneficial owner.</td><td colspan="3">Nil</td></tr>
<tr><td>Remuneration proposed to be paid</td><td colspan="3">Remuneration as approved by the members in the Annual General Meeting held on September 11, 2020</td></tr>
</table>

For other details such as number of meetings of Board of Directors attended during the year and remuneration last drawn i.e. as on 31st March, 2022, please refer to the Corporate Governance Report (**Annexure - A**) of the Annual Report.

# DIRECTORS' REPORT

**To the Members,**

Your Directors have pleasure in presenting the Fortieth Annual Report of Paradeep Phosphates Limited ("Company") together with the Audited Statement of Accounts for the financial year ended March 31, 2022.

## 1. FINANCIAL HIGHLIGHTS

(₹ in lakhs )

| Particulars | Standalone | |
|---|---|---|
| | 2021-22 | 2020-21 |
| Total income | 789,798.91 | 518,393.95 |
| EBITDA | 71,037.97 | 56,145.14 |
| Finance Costs | (8,554.14) | (11,142.53) |
| Depreciation | (9,045.72) | (8,332.81) |
| Profit before tax | 53,438.11 | 36,669.80 |
| Tax expense | (13,653.91) | (14,323.48) |
| Profit after tax | 39,784.20 | 22,346.32 |
| Other Comprehensive Income/(Loss) | (46.34) | 85.05 |
| Total Comprehensive Income | 39,737.86 | 22,431.37 |
| Earnings Per Share (Basic & Diluted) ₹ | 6.91 | 3.88 |

## 2. CHANGE IN THE NATURE OF BUSINESS OF THE COMPANY

There was no change in the nature of business of the Company during the year.

## 3. REVIEW OF OPERATIONS

During the financial year, on a standalone basis, the Company recorded operating revenue of ₹ 785,871.92 Lakhs which is 52.2% higher compared to the revenue for the previous financial year.

The profit before tax for the year ended March 31, 2022 was ₹ 53,438.11 lakhs as compared to ₹ 36,669.80 Lakhs for the year ended March 31, 2021. Net profit increased 78% to ₹ 39,784.20 Lakhs from earlier year's ₹ 22,346.32 Lakhs. Total Comprehensive Income stood at ₹ 39,737.86 Lakhs for the year ended March 31, 2022 compared to ₹ 22,431.37 Lakhs for the previous year.

Pursuant to Board approval dated February 11, 2021, the Company entered into Business Transfer Agreement (BTA) dated March 1, 2021 with Zuari Agro Chemicals Limited (ZACL) for acquisition of fertilizer plant at Goa along with associated business of ZACL on slump sale basis for an agreed enterprise value of USD 280 million. The shareholders' approval was obtained on June 01, 2021. The Competition Commission of India (CCI) approved acquisition of the Goa plant of the ZACL by Company on June 25, 2021. The Initial Public Offer (IPO) by Company was successfully completed on May 19, 2022 and the shares of the Company got listed on May 27, 2022. In terms of the objects of the IPO, Company is expected to pay the balance of the purchase consideration on or before May 31, 2022 computed in accordance with the BTA (Closing Consideration). Company and ZACL have agreed that the Completion Date for BTA consummation shall be June 1, 2022.

4. **Capital Project**

- Engineering work for 4th Evaporator of capacity 350 TPD, the mechanical completion of project is expected to be complete by September 2022.
- The contract was awarded to M/s Thyssenkrupp Industrial Solution India Pvt Limited/ Prayon (Belgium) for setting up of 400 TPD Phosphoric acid plant by using Prayon Technology. The basic engineering of the project is completed and the civil works is in process.
- Three trains of the DAP Plants were revamped based on engineering by M/s Jacobs, Lakeland (USA) & Detailed engineering and procurement assistance contract by M/s Jacobs, Mumbai. The fourth & last train is under revamp & is expected to start in October 2022.
- The Company has obtained the environment Clearances for setting up of 1500 TPD Sulphuric acid plant along with a 23 MW power plant.

5. **TRANSFER TO RESERVES**

Board of Directors has not proposed to carry any amount to any reserve account during the year

6. **DIVIDEND**

Keeping in view the future expansion plans, your Board of Directors do not recommend any dividend for Financial Year 2021-2022. The Dividend Distribution Policy of the Company is available on the Company's website: https://www.paradeepphosphates.com/company-policies.php

7. **SHARE CAPITAL**

**Authorised Capital**

During FY 2021-22, Company reclassified the authorized share capital of the Company by converting a portion of preference share capital into equity share capital. Further the the face value of (i) the equity shares of the Company subdivided from the existing ₹ 1000 per equity share to ₹ 10 per equity share, and (ii) the preference shares of the Company subdivided from the existing ₹ 1000 per preference share to ₹ 100 per preference share pursuant to the approval granted by the members of the Company in its Extra Ordinary General Meeting ("EGM") held on June 01, 2021.

The authorized share capital of the Company as on 31st March 2022 was ₹ 1000,00,00,000 (Rupees one thousand crore) divided into ₹ 900,00,00,000 (Rupees nine hundred crore) consisting of 90,00,00,000 (ninety crore) equity shares of face value of ₹ 10 each, and ₹ 100,00,00,000 (Rupees hundred crore) consisting of 1,00,00,000 (one crore) 7% non-cumulative redeemable preference shares of face value of ₹ 100 each"

8. **INITIAL PUBLIC OFFER (IPO) OF EQUITY SHARES**

The Equity Shares of your Company are listed on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) with effect from 27th May 2022, pursuant to Initial Public Offering ("IPO") of the Company by way of a Fresh Issue and an Offer for Sale.

Your Directors are pleased to inform that, your Company completed the IPO of its equity shares of 357,555,112 equity shares of face value of ₹ 10 each ("equity shares") for cash at a price of ₹ 42 per equity share (including a share premium of ₹ 32 per equity share) (the "offer price") aggregating up to ₹ 15,017.31 million ("offer"). The offer comprises a fresh issue of 239,047,619 equity shares aggregating up to ₹ 10,040.00 million and an offer for sale of 118,507,493 equity shares aggregating up to ₹ 4,977.31 million ("offer for sale").

The Main Objects of the IPO are Part-financing the acquisition of the Goa Facility, Repayment/prepayment of certain of our borrowings; and General corporate purposes.

Pursuant to listing of equity shares on the stock exchanges, your Company enjoys the benefit of enhanced brand equity and creation of public market for the equity shares of the Company. Post the issue, 56.10% of the Equity Share Capital of your Company is held by the Promoter and Promoter Group.

9. **SAFETY, HEALTH, ENVIRONMENT**

The Integrated Management System ISO-45001 (QMS, EMS & SMS) are in place including 5S & Enms-50001. The following actions undertaken during the year to improve safety, health and environment in the Plant:

**Safety Management:**

- Product Stewards Excellence Certificate received which is valid up to Dec-2022 by International Fertilizer Association (IFA) for ensuring quality of its products, maintaining occupational health and safety at workplace and protecting the environment.
- 20th Annual Greentech Effective Safety Culture Award- 2020 received for exemplary initiative & practices in the field of developing effective safety culture.
- Received Kalinga Safety Excellence Award under Platinum Category in chemical & fertilizer sector

for the performance year 2020 in recognition of exemplary efforts in maintaining best safety practices.

- We received Fire Safety Certificate from Govt. of Odisha Fire Service, the certificate is valid for two years i.e. up to 04th Jan, 2024
- We received Premium membership Certificate from British Safety Council- UK and valid up to 15th March, 2025.
- Roof fall protection of all the fragile & tapered concrete roofs & all EOT crane walkway protection completed.
- We have adopted 07 numbers of nearby ammonia handling plants as "Safety Buddies" as advised by Factory Directorate, Odisha.
- Mr. N K Rout, Jt GM (F&S) awarded certificate of appreciation as best performing safety officer of India, organized by National Safety Council of India, Mumbai.
- For this year focusing on Road Safety Management including infrastructure & heavy vehicle movement.

**Environment Management:**

- Granted & received Consent to Establish from OSPCB for installation of 400 TPD Phosphoric Acid Plant.
- Applicability of EC letter received from MoEF&CC for 400 TPD Phosphoric Acid Plant.
- Granted & received Consent to Establish from OSPCB for PPL projects (Expansion of existing DAP Plants, CHP, Ammonia, Urea, Nitric acid, Ammonium Nitrate, GSSP & Aluminum fluoride Plants)
- Applicability of EC letter received from MoEF&CC for new 1500 TPD Sulphuric Acid Plant & enhancement of production from 1400 to 2000 TPD of Phosphoric Acid Plant.
- Granted & received Consent to Operate from OSPCB for three years (2022-25) for PPL plant.
- Granted & received Authorization for Hazardous waste from OSPCB under the Hazardous and waste (Management and Trans Boundary Movement) Rules, 2016).
- NABL has issued Certificate of Accreditation in accordance with the latest standard ISO/IEC 17025:2017 in favour of PPL which is valid from 2nd Sept 2021 to 1st Sept 2023.
- Our Company has received "FAI Special Award" for coming first for the third consecutive year for Environment Protection for the year 2020-21.
- Our Company has received "Greentech Environment Award" as WINNER for outstanding Achievements in Environment protection.
- Our Company has received "Kalinga Environment Excellence Award" as "Five Star" category from Institute of Quality and Environment Management Service (IQEMS), Odisha for the year 2021.

**Health and Hygiene:**

The Company accords high priority to health and hygiene monitoring at work place. Employees' health assessment and occupational disease monitoring is done through periodical medical check-up. A well-equipped hospital in the campus at Paradeep works round the clock to provide health services to the employees and their families. Necessary training is imparted to employees and workers to enhance their awareness towards health related matters.

It is observed that when departmental employees and contractor's employees go under the same diagnostic procedure, the findings of diagnostic ture out bear the mark of difference between the two class of employees (Departmental & contractors employees). It is a general phenomenon that the contractor employees are eventually more near prone to malnutrition, hypertension and diabetic mellitus due to unhygienic sustenance of living for which they are more persistently liable for adverse diagnostic abnormalities. But this is not observed in case of diagnostic findings of departmental employees. Hence, regular industrial hygienic application and observation along with occupational health survey shall definitely ensure prevention of health issue for all categories of employees.

Company has conducted annual health check-up of all departmental employees and contractor employees during the year 2022.

Company has conducted one Blood Donation camp in association with Odisha Block Bank of Kendrapara district and 52 units of blood collected.

**Covid-19**

As per the Govt guidelines, during the second wave of Covid-19 again the Covid care Centre is operational along with a dedicated medical staff dedicatedly engaged for this purpose.

We have vaccinated 100 % of our employees, contract employees and eligible dependents, there was no impact of recent waves of Omicron wave. However, we had made Covid care centre ready with all required medicines for any eventuality as well as regular sanitisation of offices.

Now we are vaccinating our eligible employees with the booster dose. We are continuing with vaccination of children of age 12 & above as per the government guidelines.

Our company has successfully managed the Covid spread in our premises with the support of both Contract workers and Employees unions without hampering the business during 2021-22.

**Industrial Relations**

The Company undertakes a plethora of HR initiatives starting from talent acquisition, development and retention for longer period. The Company is declared as a Public Utility Service under the provisions of Industrial Dispute Act. The Employee Engagement Initiatives are customized to engage the employees in a positive and constructive way to get maximum satisfaction at the work place. QC/ Kaizen Team have been increased from 8 to 18 nos. as a part of Employee Engagement Initiative. Training calendar is designed to fill the identified Competency gaps of the employees. Skill gap is accessed taking into account of the direct input by employees on the basis of challenges in his function as depicted by him. The change in approach is to listen to the voice of employees with respect to their functional requirement. Succession planning and Leadership coaching are conducted for the high performers. Balance Score Card, the latest and best form of PMS, is adopted to appraise the performance of employees in effective and efficient manner.

In the last Financial Year, during the Pandemic Covid'19, the Plant was fully operational without any man days lost and the IR situation was normal with Industrial Peace & Harmony maintained at Plant Site.

The wage settlement of regular Staff category of employees has expired on 31.12.2021 and wage settlement of Contract labour has expired w.e.f. 31.03.2021 and consequent to the Charter of Demand submitted by the representing contract workers unions, the concerned contractor establishment have submitted their counter COD to PPDMU & PPMU. The negotiation process is under progress.

PPL Hospital is declared as authorized Private Covid Vaccination Centre by the Govt. of Odisha and till date, we have vaccinated to the Employees as well as their family members, Contract workers and the people of nearby locality around 8738 members of the age group 18 yrs. & above.

**10. ANNUAL RETURN**

Annual Return referred to in Section 92(3) of the Companies Act, 2013 will be available on the website of the Company i.e. https://www.paradeepphosphates.com/annual-return.php.

**11. a) BOARD MEETINGS**

During the year, five Board Meetings were held on May 24, 2021, August 10, 2021, August 13, 2021, November 10, 2021 and January 31, 2022. The details of the composition of the Board and attendance of the Directors at the Board Meetings, are provided in the Corporate Governance Report attached as **Annexure - A.**

**b) AUDIT COMMITTEE**

During the year under review, five Audit Committee Meetings were held on May 7, 2021, May 17, 2021, August 13, 2021, November 10, 2021 and January 31, 2022 and all the recommendations of the Audit Committee were accepted by the Board. The details of the composition of the Audit Committee and details of committee meetings are given in the Corporate Governance Report attached as **Annexure- A.**

**12. DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Companies Act, 2013, your Directors confirm that:

a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

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

c) the Directors have 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;

d) the Directors have prepared the annual accounts on a going concern basis;

e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively;

f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## 13. STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORS

All the Independent Directors of the Company have given declarations that they meet the criteria of independence as specified in Section 149(6) of the Act and shall abide by the Code for Independent Directors as specified in Schedule- IV of the Act.

## 14. DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of Directors of the Company was having ten Directors as on March 31, 2022 with nine Non-Executive Directors including five Independent Directors and a Managing Director.

The shareholders of the Company at the Annual General Meeting held on September 17, 2021 appointed Mr. Satyananda Mishra and Mr. Dipankar Chatterji as an Independent Directors of the company to hold office for a term of 3 (three ) consecutive years w.e.f 4th November 2020 and 3rd August, 2021 respectively.

During the year Ms. Ghislane Guedira, Mr. Prabhas Kumar and Mr. Vinay Kumar Pandey nominee Directors ceased to be Director on the Board with effect from 24th May 2021, 27th July 2021 and 29th July 2021 respectively on account of withdrawal of nomination by respective Shareholders.

Mr. Ujjwal Kumar and Mr. Karim Lotfi Senhadji have been appointed as Nominee Director w.e.f. 10th November, 2021 and 31st January, 2022 respectively. Mr. Subhrakant Panda has been appointed as additional / Independent Director for a period of 3 years w.e.f. 31st January, 2022 subject to the approval of the Shareholders of the Company. Under the provisions of Section 152(6) of the Act, Mr. N Suresh Krishnan is liable to retire by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

During the year Mr. Sailesh Pati, ceased to be a Chief Financial Officer and Key Managerial Personnel w.e.f. 9th August 2021. Mr. Bijoy Kumar Biswal has been appointed as Chief Financial Officer and Key Managerial Personnel w.e.f. 1st February 2022.

There was no change in Company Secretary of the Company during the year under review.

In the opinion of the Board of Directors, all the Independent Directors possess requisite expertise and experience on the roles, rights and responsibilities of Independent Directors.

A certificate obtained by the Company from a company secretary in practice, confirming that none of the Directors on the Board of Directors of the Company have been debarred or disqualified from being appointed or continuing as Director of companies by the Securities and Exchange Board of India /Ministry of Corporate Affairs or any such statutory authority, is enclosed as **Annexure "D"** to this Report.

## 15. DIRECTORS TRAINING & FAMILIARIZATION

The Company, in compliance with Regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, formulates programs to familiarize new Independent Directors inducted on the Board with the Company.

All the Independent Directors of the Company are made aware of their roles and responsibilities at the time of their appointment through a formal letter of appointment, which also stipulates various terms and conditions of their engagement.

Senior management personnel of the Company presents to the Board Members on a periodical basis, briefing them on the operations of the Company, plans, strategy, risks involved, new initiatives, etc.,

The Statutory Auditors and Internal Auditors of the Company presents to the Board of Directors on Financial Statements and Internal Controls including presentation on regulatory changes from time to time.

## 16. PERFORMANCE EVALUATION

Pursuant to the provisions contained in Companies Act, 2013 and Schedule IV (Section 149(8) of the Companies Act, 2013, the following performance evaluations were carried out;

a. Performance evaluation of the Board, Chairman and non-Independent Directors by the Independent Directors;

b. Performance evaluation of the Board, its committees and Independent Directors by the Board of Directors; and

c. Performance evaluation of every Director by the Nomination and Remuneration Committee.

The evaluation process covered adequacy of the composition of the Board and its Committees, disclosure of information to the Board and Committees, performance of duties and obligations, governance parameters, participation of the members of the Board / Committees and fulfilment of independence criteria and maintaining independence from the management by the Independent Directors.

Based on the evaluation done by the Directors, the performance of the Board, its Committees and the Directors was satisfactory and the quality, quantity and timeliness of flow of information between the management and the Board was appreciable.

## 17. NOMINATION AND REMUNERATION POLICY AND DISCLOSURE ON REMUNERATION

Based on the recommendation of the Nomination and Remuneration Committee, the Board has approved the Nomination and Remuneration Policy. The Nomination and Remuneration Policy provides for constitution & role of Nomination and Remuneration Committee, guidelines on procedure for appointment / removal of Director, Key Managerial Personnel or at Senior Management level, recommendation for remuneration, compensation and commission to be paid to the Managing Director / Whole time Director/Non-Executive Directors and carrying out evaluation of performance of every Director and Key managerial personnel.

The Nomination and Remuneration Policy is placed on the website of the Company i.e. https://www.paradeepphosphates.com/company-policies.php.

The disclosure related to the employees under Section 197(12) read with Rule 5 (1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as **Annexure 'H'** to this Report.

The information required pursuant to Section 197 (12) of the Companies Act, 2013 read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is enclosed as **Annexure 'H'.**

## 18. SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES

"Zuari Yoma Agri Solutions Limited", Myanmar continued as a 50:50 joint venture with Yoma Strategic Holdings Ltd. Statement containing salient features of the financial statement of the joint venture under Section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014 is annexed hereto as **Annexure- I.**

## 19. CORPORATE SOCIAL RESPONSIBILITY (CSR)

In accordance with the provisions of Section 135 of the Act and Companies CSR (Policy) Rules, 2014, your Company has constituted a CSR Committee of the Board. Based on the recommendation of the Committee, the Board has formulated a CSR Policy for the Company indicating the CSR activities, modalities of execution, implementation schedule, and amount of expenditure and monitor the Policy from time to time. A detailed Report on CSR activities undertaken by the Company during the year, containing the information in the prescribed format, is annexed hereto as **Annexure- G** and forms part of this Report. The Company has spent a sum of ₹ 565.77 lakhs, minimum amount required to be spent under Section 135(5) of the Companies Act, 2013.

## 20. WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Company has established a vigil mechanism through Whistle Blower Policy and the Audit Committee of the Company is responsible to review periodically the efficient and effective functioning of the vigil mechanism, to deal with instances of fraud and mismanagement and suspected violations of the Company's Code of Business Conduct and Ethics, if any.

The Whistle Blower Policy provides for adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of the employees and the Company. The Whistle Blower Policy is placed on the website of the Company i.e., https://www.paradeepphosphates.com/company-policies.php

## 21. RISK MANAGEMENT

The Company has the requisite processes and procedures in place to identify and assist in minimizing exposure to risk that threaten the existence of the Company. The Board has put in place a risk management policy to monitor and review potential risks. The brief detail about this policy may be accessed on the Company's website at the weblink:- https://www.paradeepphosphates.com/company-policies.php

The heads of departments regularly review and assess the departmental policies/procedures and identify risks, perform analysis of the frequency and severity of potential risks, select the best techniques to manage risk, implement appropriate risk management techniques and monitor, evaluate and document results.

**22. LOANS, GUARANTEES OR INVESTMENTS**

The details of loans given, Corporate guarantees and investments made by Company under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the financial statements.

**23. UNCLAIMED DIVIDEND AND SHARES TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF)**

Pursuant to the provisions of Section 124 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and rules made thereunder there is no unclaimed / unpaid amounts or shares were transferred to the Investor Education and Protection Fund (IEPF).

**24. RELATED PARTY TRANSACTIONS**

Transactions entered by the Company with its related parties were on an arm's length basis and/or ordinary course of business. Transactions entered by the Company with its related parties were on an arm's length basis and/or ordinary course of business. Suitable disclosures as required under Ind AS-24 have been made in Note No. 33 to the Financial Statements. The details of related party transactions as per Form AOC-2 is enclosed as **Annexure- 'J'**

**25. DEPOSITS**

The Company has not accepted any deposits in the past or during the year.

**26. STATUTORY AUDIT**

The Statutory Auditors, M/s. BSR & Co. LLP, Chartered Accountants, were appointed to hold office from the conclusion of 35th Annual General Meeting till the conclusion of 40th Annual General Meeting of the Company.

Accordingly, B S R & Co. LLP, Chartered Accountants, Statutory Auditors of the Company will continue till the conclusion of Annual General Meeting to be held in 2022.

**27. SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company re-appointed M/s. B. C Debata & Associates, Practicing Company Secretaries, to undertake the Secretarial Audit of the Company for the year 2021-22. The Secretarial Audit report is annexed herewith as **Annexure - E.**

**28. COST RECORDS & COST AUDIT**

The Company is required to maintain cost records as per Section 148(1) of the Companies Act, 2013, and accordingly such accounts & records are made and maintained. The Company appointed M/s. S. S. Sonthalia & Co., Cost Accountants, as the Cost Auditor for the year 2021-22. The Cost Audit Report for the year ended March 31, 2021 was filed by the Company with the Ministry of Corporate Affairs on August 23, 2021.

**29. AUDITORS' REPORT**

There were no qualifications, reservations or adverse remarks made by the Statutory Auditor, Secretarial Auditor and Cost Auditor in their respective reports. No frauds have been reported by the Auditors during the year.

**30. MATERIAL CHANGES & COMMITMENTS**

There were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report.

**31. SIGNIFICANT & MATERIAL ORDERS**

No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

**32. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

The Company has adequate systems of internal control in place, which is commensurate with its size and the nature of its operations. The Company has designed and put in place adequate Standard Operating Procedures and Limits of Authority Manuals for conduct of its business, including adherence to Company's policies, safeguarding its assets, prevention and detection of fraud and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information.

These documents are reviewed and updated on an ongoing basis to improve the internal control systems and operational efficiency. The Company uses a state-of-the-art ERP (SAP) system to record data for accounting and managing information with adequate security procedure and controls.

## 33. COMPLIANCE OF SECRETARIAL STANDARDS

The Company has complied with all applicable mandatory Secretarial Standards issued by the Institute of Company Secretaries of India.

## 34. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements are prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013. The Consolidated Financial Statements for the Financial Year ended 31 March 2022 forms part of the Annual Report.

## 35. EMPLOYEE STOCK OPTION SCHEME

Our Company has formulated an employee stock option scheme, namely, PPL Employees Stock Option Plan 2021, ("ESOP 2021"). ESOP 2021 was approved pursuant to a Board resolution and Shareholders' Resolution, each dated August 10, 2021, and amended pursuant to a Board resolution dated April 29, 2022.

As per the ESOP plan 2021, the aggregate number of Options which may be issued by the Company under ESOP Plan is 36,00,000 options and each option shall entitle the option holder One Equity Share in the Company.

During the Financial year 2021-2022 the Company has not granted any option under ESOP 2021. As on the date of this report, 2,400,058 options have been granted under ESOP 2021. The Certificate required as per SEBI ESOP Regulations have been obtained by the Company. The said certificates will be made available for inspection by the members electronically during business hours.

## 36. DISCLOSURE AS PER SECTION 22 OF THE SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirement of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 and all the employees are covered under this Policy. Awareness program on Legislations and remedies related to sexual harassment of women at workplace has been conducted. No sexual harassment complaint was received / pending with the Company during the financial year. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under this Act.

## 37. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure F** attached to this report.

## 38. THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONGWITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR

No application was made or any proceedings filed under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the financial year 2021-22.

## 39. CORPORATE GOVERNANCE

The Company is committed to good corporate governance practices. The Board endeavors to adhere to the standards set out by the Securities and Exchange Board of India (SEBI) on corporate governance practices and accordingly has implemented all the mandatory stipulations.

A detailed Corporate Governance Report in line with the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 regarding the corporate governance practices followed by the Company which is given as **Annexure-A** and the certificate from Practicing Company Secretary relating to compliance of mandatory requirements is given as **Annexure-B.** A statement regarding opinion of the Board, with regard to integrity, expertise and experience (including proficiency) of the Independent Directors appointed during the year is given in Corporate Governance Report annexed as **Annexure A.** Management Discussion and Analysis report is separately annexed.

## 40. BUSINESS RESPONSIBILITY REPORT

The 'Business Responsibility Report' (BRR) is not applicable to your Company for the year ended 31 March 2022.

## 41. GENERAL

No disclosure or reporting is made with respect to the following items, as there were no transactions during FY 2021-22:

- The issue of equity shares with differential rights as to dividend, voting or otherwise;

- Issue of shares (including sweat equity shares) to employees of the Company under any scheme except Employees' Stock Options Schemes referred to in this Report;
- Managing Director and Chief Executive Officer has not received any remuneration or commission from any of its subsidiaries;
- There was no revision in the financial statements;
- The Company has not made any downstream investments during FY 2021-22 and hence certificate under FEMA is not required; a
- There was no material subsidiary during the FY 2021-22
- There were no one time settlement against any of the loan availed by the Company from the Banks or Financial Institutions during the Financial Year 2021-22.

**42. ACKNOWLEDGEMENT**

Your Board of Directors take this opportunity to acknowledge the continued support and co-operation extended by the Shareholders. The Board wishes to place on record their appreciation of the continued support and cooperation extended by the Consortium of Bankers, East Coast Railway, Paradeep Port Trust, Government Departments both at the Centre and the States, Suppliers, Dealers and above all, Farmers. The Board also wishes to place on record their deep appreciation of the excellent services rendered by the Employees at all levels during the year.

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

**S. K. PODDAR**
Chairman
DIN: 00008654
Date: May 28, 2022

# ANNEXURE- A TO THE BOARD'S REPORT

## Corporate Governance Report

### 1. COMPANY'S PHILOSOPHY ON THE CODE OF CORPORATE GOVERNANCE

The philosophy of the Company on Corporate Governance is aimed at safeguarding and adding value to the interests of various stakeholders and envisages attainment of the highest levels of transparency and accountability in all areas of its operations and interactions with its stakeholders.

### 2. BOARD OF DIRECTORS

The Board of Directors with an optimum combination of Executive, Non–Executive and Independent Directors meets at regular intervals.

During the year, five Board Meetings were held on May 24, 2021, August 10, 2021, August 13, 2021, November 10, 2021 and January 31, 2022.

Attendance of each Director at the Board of Directors' meetings and at the previous Annual General Meeting along with the number of other companies and committees where the /Director is a Chairman/Member is given hereunder:

| Name of Director | Category^ | Skills/expertise/ competence | No. of Directorships in other companies as on 31-03-2022+ | No. of Board Meetings Attended | No. of shares held | Attendance at previous Annual General Meeting | No. of Board Committees of other companies++ as on 31-03-2022 | | Directorship in other Listed entity | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Chairman | Member | Name | Category^ |
| Saroj Kumar Poddar | Chairman / NED | Business Management Leadership and General Management and Industry Experience | 11 | 05 | Nil | yes | 0 | 0 | Chambal Fertilisers and Chemicals Ltd | NED |
| | | | | | | | | | Texmaco Infrastructure & Holdings Ltd. | NED |
| | | | | | | | | | Texmaco Rail & Engineering Ltd. | NED |
| | | | | | | | | | Zuari Agro Chemicals Ltd. | NED |
| | | | | | | | | | Zuari Global Ltd | NED |
| N. Suresh Krishnan | MD | Corporate Finance, Corporate Strategy, Project Planning, Operations and Business Development. Leadership and Industry Experience | 3 | 05 | Nil | yes | 01 | 02 | Zuari Agro chemicals Limited | NED |
| Ghislane Guedira & | NED | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Prabhas Kumar^ | NED | NA | NA | 01 | NA | NA | NA | NA | NA | NA |

| Name of Director | Cate-gory^ | Skills/expertise/ competence | No. of Director-ships in other companies as on 31-03-2022+ | No. of Board Meetings Attended | No. of shares held | Atten-dance at previous Annual General Meeting | No. of Board Committees of other companies++ as on 31-03-2022 | | Directorship in other Listed entity | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Chair-man | Mem-ber | Name | Cate-gory^ |
| Vinay Kumar Pandey! | NED | NA | NA | 01 | NA | NA | NA | NA | NA | NA |
| Soual Mohamed | NED | General Management and industry experience | 1 | 05 | Nil | yes | 0 | 0 | - | - |
| Karim Lotfi Senhadji@ | NED | Risk Management, Finance Skills, Business Management, Leadership Skills | 1 | 01 | Nil | NA | 0 | 0 | - | - |
| Ujjwal Kumar# | NED | General Management and industry experience | 1 | 02 | Nil | NA | 0 | 0 | - | - |
| Marco Philippus Ardeshir Wadia | ID | Legal profession having specialised in corporate matters and mergers and acquisitions. | 13 | 05 | Nil | yes | 3 | 4 | Chambal Fertilisers and Chemicals Ltd | ID |
| | | | | | | | | | Josts Engineering Company Ltd | ID |
| | | | | | | | | | Stovec Industries Ltd | ID |
| | | | | | | | | | Zuari Global Limited | ID |
| | | | | | | | | | Zuari Agro Chemicals Limited | ID |
| | | | | | | | | | Gobind Sugar Mills Limited* | ID |
| Kiran Dhingra | ID | Experience in Corporate governance & legal compliances and experience and knowledge in the matters of Safety and Corporate Social Responsibility | 4 | 05 | Nil | yes | 0 | 4 | Goa Carbon Ltd | ID |
| | | | | | | | | | Astra Micro Wave Products Ltd | ID |
| | | | | | | | | | Stovec Industries Ltd | ID |
| Satyananda Mishra | ID | Experience in governance Corporate risk assessment and strategic analysis | 3 | 05 | Nil | yes | 0 | 2 | Ugro Capital Ltd | ID |

| Name of Director | Cate-gory^ | Skills/expertise/ competence | No. of Director-ships in other companies as on 31-03-2022+ | No. of Board Meetings Attended | No. of shares held | Atten-dance at previous Annual General Meeting | No. of Board Committees of other companies++ as on 31-03-2022 | | Directorship in other Listed entity | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Chair-man | Mem-ber | Name | Cate-gory^ |
| Dipankar Chatterji$ | ID | Chartered Accountant by profession and is an expert in the field of Finance, Taxation, Accounts and Laws | 11 | 04 | Nil | yes | 3 | 1 | Nicco Parks & Resorts Ltd | ID |
| | | | | | | | | | Zuari Agro Chemicals Ltd | ID |
| | | | | | | | | | Mangalore Chemicals & Fertilizers Ltd | ID |
| Subhrakant Panda% | ID | Experience in Business Management/ corporate planning , strategic Analysis | 5 | 0 | Nil | NA | 0 | 0 | Indian Metals and Ferro Alloys Ltd | MD |

^MD-Managing Director, ID–Independent Director, NED–Non-Executive Director,

& upto 24.05.2021, ^ upto 27.07.2021, ! upto 29.07.2021, @ w.e.f.31.01.2022, # w.e.f. 10.11.2021, $ w.e.f. 03.08.2021, % w.e.f.31.01.2022

+ Includes Directorship in other public and private companies.

++Includes Audit Committee and Stakeholders' Relationship Committee only in public companies.

*Gobind Sugar Mills Limited amalgamated with Zuari Global Limited effective from 30.04.2022

None of the Directors are related to each other.

**Specific skills/ expertise/ competency identified / required**

The following skills / expertise / competencies are identified to be required for the effective functioning of the Company which are currently available with the Directors.

**a. Strategic skills**

Creation & implementation of effective strategies, ability to think strategically to propose new ideas and future-oriented perspective. Need for clear vision on business models and strategic analysis.

**b. Finance skills**

The ability to analyse key financial statements, critically assess financial viability and performance, contribute to strategic financial planning and oversee budgets.

**c. Regulatory matters**

Understanding of the relevant laws, rules, regulation policies applicable to the organisation/ industry/ sector and level/ status of compliances thereof by the organisation.

**d. Industry / Product related**

Experience & knowledge of the industry and its dynamics.

**e. Risk related**

Identification of key risks including legal and regulatory compliance, and advising on risk mitigation.

**f. Business management**

Experience at an executive level including the ability to evaluate the performance of the senior management, strategic human resource management and industrial relations; oversee large scale organisational change.

**g. Corporate Governance related**

Understanding of the best corporate governance practices, relevant governance codes, and governance structure.

**h. Personal attributes**

Integrity & Ethics, Constructive participation, leadership qualities, innovative thinking and critical analysis.

**Independent Directors**

a. Familiarization Programme

The Company, in compliance with Regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, formulates programs to familiarize new Independent Directors inducted on the Board of the Company, nature of the industry, business model, their roles and responsibilities. The Independent Directors are having rich experience on the roles, rights and responsibilities of Independent Directors. A program about the nature of the industry and the business model of the Company being arranged.

b. Separate Meeting

A separate meeting of the Independent Directors was held on 7th May 2021 to discuss:

- Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole.
- Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non–Executive Directors.
- Evaluation of the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

c. In the opinion of the Board, the Independent Directors fulfil the conditions specified in the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended, and are independent of the management.

## 3. AUDIT COMMITTEE

The terms of reference of the Audit Committee are as given below:

Powers of Audit Committee

The Audit Committee shall have powers, including the following:

(1) to investigate any activity within its terms of reference;

(2) to seek information from any employee;

(3) to obtain outside legal or other professional advice; and

(4) to secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of Audit Committee

The role of the Audit Committee shall include the following:

(1) oversight of financial reporting process and the disclosure of financial information relating to Paradeep Phosphates Limited (the "**Company**") to ensure that the financial statements are correct, sufficient and credible;

(2) recommendation to the board of directors of the Company (the "**Board"** or **"Board of Directors**") for appointment, re-appointment, replacement, remuneration and terms of appointment of auditors of the Company and the fixation of the audit fee;

(3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(4) examining and reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

   a. Matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;

   b. Changes, if any, in accounting policies and practices and reasons for the same;

   c. Major accounting entries involving estimates based on the exercise of judgment by management;

   d. Significant adjustments made in the financial statements arising out of audit findings;

   e. Compliance with listing and other legal requirements relating to financial statements;

   f. Disclosure of any related party transactions; and

   g. Modified opinion(s) in the draft audit report.

(5) reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

(6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes

other than those stated in the Issue document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board of directors of the Company (the "Board" or "Board of Directors") to take up steps in this matter;

(7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(8) Approval or any subsequent modification of transactions of the Company with related related party transactions proposed to be entered into by the Company, parties and omnibus approval for subject to the conditions as may be prescribed, by the independent directors who are members of the Audit Committee"

Explanation: The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/ or the applicable Accounting Standards and/or the Companies Act, 2013.

(9) scrutiny of inter-corporate loans and investments;

(10) valuation of undertakings or assets of the Company, wherever it is necessary;

(11) evaluation of internal financial controls and risk management systems;

(12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(14) discussion with internal auditors of any significant findings and follow up there on;

(15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

(16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(17) looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(18) reviewing the functioning of the whistle blower mechanism;

(19) monitoring the end use of funds raised through public offers and related matters;

(20) overseeing the vigil mechanism established by the Company, with the chairman of the Audit Committee directly hearing grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns in appropriate and exceptional cases;

(21) approval of appointment of chief financial officer (i.e., the whole-time finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

(22) reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding ₹ 1,000,000,000 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;

(23) considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders; and

(24) carrying out any other functions required to be carried out by the Audit Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time."

**Further,** the Audit Committee shall mandatorily review the following information:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses;

- The appointment, removal and terms of remuneration of the chief internal auditor; and
- Statement of deviations in terms of the SEBI Listing Regulations:
  a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) where the Equity Shares are proposed to be listed in terms of the SEBI Listing Regulations;
  b. annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of the SEBI Listing Regulations.

We further confirm the following:

(i) the Audit Committee comprises of 4 Directors as members, out of which two-thirds members are Independent Directors;

(ii) all members of Audit Committee are financially literate and at least one member has accounting or related financial management expertise;

(iii) the chairperson of the Audit Committee is an independent director; and

(iv) the Company Secretary of the Company is the secretary to the Audit Committee.

Besides the above, the additional terms of reference of Audit Committee as per the Companies Act, 2013 includes reviewing and monitoring auditor's independence and performance, and effectiveness of audit process; examination of the financial statement and the auditor's report thereon; approval or any subsequent modification of transactions of the Company with related parties; scrutiny of inter-corporate loans and investments; valuation of undertakings or assets of the Company, whenever it is necessary.

During the year, five meetings of the Audit Committee were held on May 7, 2021, May 17, 2021, August 13, 2021, November 10, 2021 and January 31, 2022.

The composition and the attendance of the members of the Audit Committee is as follows:

| Name of the Director | Status | No. of meetings attended |
|---|---|---|
| Marco Wadia | Chairman | 5 |
| Kiran Dhingra | Member | 5 |
| Satyananda Mishra | Member | 2 |
| Mohamed Soual& | Member | 2 |
| Karim Senhadji# | Member | 0 |

& upto 31.01.2022, # w.e.f.31.01.2022

**4. NOMINATION AND REMUNERATION COMMITTEE**

The terms of reference of the Nomination and Remuneration Committee are as given below;

The Nomination and Remuneration Committee shall be responsible for, among other things, the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors of the Company (the "**Board**" or "**Board of Directors**") a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees ("**Remuneration Policy**");
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and carrying out evaluation of every Director's performance (including Independent Director);
- Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
- Recommend to the Board, all remuneration, in whatever form, payable to senior management;
- Carrying out any other functions required to be carried out by the Nomination and Remuneration Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time."

- Evaluating the balance of skills, knowledge and experience on the Board for every appointment of an Independent Director, and based on such evaluation, preparing a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may: (i) use the services of external agencies, if required, (ii) consider candidates from a wide range of backgrounds, having due regard to diversity, and (iii) consider the time commitments of the candidate"

The Nomination and Remuneration Committee, while formulating the Remuneration Policy, should ensure that —

- the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- perform such functions as are required to be performed by the Nomination and Remuneration Committee under the SEBI (Share Based Employee Benefits) Regulations, 2014, including the following:

  (a) administering the (PPL Employees Stock Option Plan 2021) ( the "plan")

  (b) determining the eligibility of employees to participate under the Plan;

  (c) granting options to eligible employees and determining the date of grant;

  (d) determining the number of options to be granted to an employee;

  (e) determining the exercise price under the Plan; and

  (f) Construing and interpreting the Plan and any agreements defining the rights and obligations of the Company and eligible employees under the Plan, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the Plan.

- frame suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:

  (a) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and

  (b) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by [the trust,] the Company and its employees, as applicable.

  (c) carrying out any other activities as may be delegated by the Board of Directors of the Company and functions required to be carried out by the Nomination and Remuneration Committee as provided under the Companies Act, 2013, the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

  (d) perform such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 to the extent notified and effective, as amended or by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or by any other applicable law or regulatory authority.

During the year, four meetings of the Nomination and Remuneration Committee were held on May 7, 2021, July 27, 2021, November 10, 2021 and January 31, 2022.

The composition and the attendance of the members of the Nomination and Remuneration Committee is as follows:

| Name of the Director | Status | No. of meetings attended |
|---|---|---|
| Marco Wadia | Chairman | 4 |
| Kiran Dhingra | Member | 4 |
| Soual Mohamed | Member | 3 |
| Saroj Kumar Poddar@ | Member | 2 |

@upto 31.01.2022

**Performance evaluation criteria for Independent Directors**

The Nomination and Remuneration Committee has evaluated the performance of every Director and the evaluation process was carried out by circulating questionnaires on performance of duties, participation and contribution to the Board and Committees.

**5. RISK MANAGEMENT COMMITTEE**

The terms of reference of the Risk Management Committee are as given below:

(a) Formulation of a detailed risk management policy which shall include: (a) a framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Risk Management Committee; (b) measures for risk mitigation including systems and processes for internal control of identified risks; and (c) business continuity plan;

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

(c) Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

(d) Periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity, and recommend for any amendment or modification thereof, as necessary;

(e) Keep the Board of directors of the Company informed about the nature and content of its discussions, recommendations and actions to be taken; and

(f) Review the appointment, removal and terms of remuneration of the Chief Risk Officer (if any).

(g) To implement and monitor policies and/or processes for ensuring cyber security;

(h) Any other similar or other functions as may be laid down by Board from time to time and/or as may be required under applicable law, , as and when amended from time to time, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015."

During the year, no meetings of the Risk Management Committee were held.

The composition of the members of the Risk Management Committee is as follows:

| Name of the Director | Status |
|---|---|
| N. Suresh Krishnan | Chairman |
| Dipankar Chatterji | Member |
| Karim Senhadji | Member |
| Sabaleel Nandy | Member |

w.e.f. 03.08.2021

**6. REMUNERATION OF DIRECTORS**

The Company did not have any pecuniary relationship or transaction with any Non-Executive Directors during the year 2021-22.

Remuneration by way of sitting fees was paid to the Non–Executive Directors during the financial year ended March 31, 2022 for attending the meetings of the Board and the Committees. Payment of remuneration to the Managing Director and Whole-Time Director was as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors and Shareholders.

The details of the remuneration to the Directors is given below.

(₹ in lakhs)

| Name of the Director | Salary | Sitting fees | Perquisites | Stock Options | Bonus | Retirement benefit | Terms of service contract |
|---|---|---|---|---|---|---|---|
| Saroj Kumar Poddar | - | - | - | - | - | - | Director liable to retire by rotation |
| N Suresh Krishnan | 358.35 | - | - | - | - | 26.61 | Appointed as MD for a period of 3 years w.e.f.16.02.2020. Termination with 03 months' notice by either party and liable to retire by rotation |
| Ghislane Guedira& | - | - | - | - | - | - | NA |
| Prabhas Kumar^ | - | - | - | - | - | - | NA |
| Vinay Kumar Pandey! | - | - | - | - | - | - | NA |
| Soual Mohamed | - | - | - | - | - | | Director liable to retire by rotation |
| Karim Lotfi Senhadji@ | - | - | - | - | | - | Director liable to retire by rotation |
| Ujjwal Kumar# | - | - | - | - | - | - | Not liable to retire by rotation |
| Marco Wadia | - | 4.30 | | - | - | - | Reappointed as Independent Director for a period of 3 years w.e.f 19.09.2019 |
| Kiran Dhingra | - | 4.30 | | - | - | - | Reappointed as Independent Director for a period of 3 years w.e.f 27.07.2020 |
| Satyananda Mishra | - | 2.75 | | - | - | - | Appointed as Independent Director for a period of 3 years w.e.f. 04.11.2020 |
| Dipankar Chatterji$ | - | 1.60 | | - | - | - | Appointed as Independent Director for a period of 3 years w.e.f. 03.08.2021 |
| Subhrakant Panda% | - | - | - | - | - | - | Appointed as Independent Director for a period of 3 years w.e.f. 31.01.2022 |

& upto 24.05.2021, ^ upto 27.07.2021, !upto 29.07.2021, @w.e.f 31.01.2022, # w.e.f 10.11.2021, $ w.e.f. 03.08.2021, % w.e.f 31.01.2022

## 7. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The terms of reference of the Stakeholders' Relationship Committee are as given below;

- considering and looking into various aspects of interest of shareholders, debenture holders and other security holders;
- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
- review of measures taken for effective exercise of voting rights by shareholders;

- review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent; and
- review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
- carrying out any other functions required to be carried out by the Stakeholders' Relationship Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

The composition and the attendance of the members of the Stakeholders' Relationship Committee is as follows:

| Name of the Director | Status | No. of meetings attended* |
|---|---|---|
| Satyananda Mishra | Chairman | - |
| Kiran Dhingra | Member | - |
| N. Suresh Krishnan | Member | - |

w.e.f. 03.08.2021

*No meetings were held during the year.

Mr. Sachin Patil, Company Secretary is the Compliance Officer.

## 8. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading in the shares of the Company, pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended. The Board has designated the Company Secretary, as the Compliance Officer and authorized the Managing Director to monitor the compliance of the aforesaid regulations.

## 9. CODE OF BUSINESS CONDUCT AND ETHICS

The Company has in place, a Code of Business Conduct and Ethics for its board members and the senior management, which has been posted on the Company's website. The board and the senior management affirm compliance with the code, annually.

## 10. GENERAL MEETINGS

The details of location, time and special resolutions passed at the previous three Annual General Meetings given below:

| Date | Time | Venue | Special Resolutions Passed |
|---|---|---|---|
| September 17, 2021 | 5:00 PM | Through Video Conferencing | • Borrow and mortgage/charge the Company's properties |
| September 11, 2020 | 3:30 PM | Through Video Conferencing | • Re-appoint Ms. Kiran Dhingra (DIN 00425602), as an Independent Director<br>• Appoint Mr. N. Suresh Krishnan (DIN: 00021965) as Managing Director of the Company: |
| August 30, 2019 | 10:30 AM | Physically at Registered Office | • Reappointment of Mr. Marco Wadia as Independent Director<br>• Reappointment of Mr. Sunil Sethy as Managing Director |

**Special Resolutions passed through Postal Ballot**

The Company has not passed any special resolution through Postal Ballot during the year ended March 31, 2022.

## 11. MEANS OF COMMUNICATION

The quarterly financial results will be published in FINANCIAL EXPRESS/ Business Line, an English daily as well as SURYA PRAVA, a vernacular daily. The results are also posted on the Company's website: www.paradeepphosphates.com.

All official press releases, presentations made to analysts and institutional investors and other general information about the Company are also available on the website of the Company.

## 12. GENERAL SHAREHOLDER INFORMATION

### a. Annual General Meeting

The Fortieth Annual General Meeting of the Company will be held on **Monday 12th September 2022 at 4:30 PM** through VC/OAVM.

### b. Financial Year

Financial Year – April 1 to March 31.

Financial reporting during the year 2022-23:

| Quarter | Declaration of un-audited/audited financial results |
|---|---|
| Results for the quarter ending June 30, 2022 | On or before 14th August 2022 or such prescribed period |
| Results for the half-year ending September 30, 2022 | On or before 14th November 2022 or such prescribed period |
| Results for the quarter ending December 31, 2022 | On or before 14th February 2023 or such prescribed period |
| Audited Annual Results for 2022-23 | On or before May 30, 2023 or such prescribed period |

### c. Listing on the Stock Exchanges

The Company's shares are presently listed on the following Stock Exchanges:

BSE Limited (Bombay Stock Exchange)
Phiroze Jeejeebhoy Towers
Dalal Street, MUMBAI – 400 023

National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (E), MUMBAI – 400 051

The Company has paid the annual listing fees to the Stock Exchanges and the custodial fees to NSDL and CDSL for the financial year 2021-22.

### d. Stock Code

BSE Limited: 543530
National Stock Exchange of India Limited: PARADEEP
International Standard Identification Number (ISIN): INE088F01024

### e. The securities were not suspended from trading during the year.

### f. Registrars and Share Transfer Agents

M/s. Link Intime India Private Limited, have been engaged to provide both share transfer as well as dematerialization services.

### g. Shareholding Pattern as on March 31, 2022

| Category | No. of Shareholders | No. of Equity Shares | % of shareholding |
|---|---|---|---|
| Promoters & Promoters Group | 8* | 575450000 | 100.00 |
| Banks, FIs, Insurance Companies | - | - | - |
| Foreign Portfolio Investors | - | - | - |
| Private Corporate Bodies | - | - | - |
| Indian Public | - | - | - |
| NRIs/OCBs | - | - | - |
| Others | - | - | - |
| **Grand Total** | | **575450000**** | **100.00** |

* Includes shares held by ZMPPL jointly.

**h. Dematerialisation of shares and liquidity**

The Company's equity shares having been mandated for settlement only in dematerialized form by all investors, the Company has signed tripartite agreements with the National Securities Depository Limited [NSDL], the Central Depository Services (India) Limited [CDSL] and Link Intime India Private Limited, to offer depository related services to its shareholders. As on date, 100.00% of the equity share capital of the company has been dematerialized.

**i. The Company has not issued GDRs/ADRs/Warrants and Convertible Instruments.**

**j. Commodity price risk or foreign exchange risk and hedging activities.**

As the Company is not engaged in business of commodities which are traded in recognized commodity exchanges, commodity risk is not applicable. Foreign Currency Exchange risk is hedged in accordance with the Policy formulated by the Company for that purpose and periodical update is given to the Board on a quarterly basis.

**k. Plant location: Paradeep, Jagatsinghpur, Odisha - 754145**

**l. Address for Correspondence**

| Registered Office | Registrars and Transfer Agents |
|---|---|
| Paradeep Phosphates Limited<br>Office at 5th Floor, Orissa State Handloom Weavers' Co-Operative Building,<br>Pandit J.N Marg, Bhubaneswar - 751 001<br>Phone : +91 0674- 6666100<br>Email: cs.ppl@adventz.com | M/s. Link Intime India Private Limited<br>247 Park, C – 101, 1st Floor,<br>L.B.S. Marg, Vikhroli – (West)<br>Mumbai – 400 083<br>Ph. No: +91 022- 49186200<br>Email: rnt.helpdesk@linkintime.co.in |

The Company has designated the email ID cs.ppl@adventz.com for registering investor complaints.

**m. Credit Ratings**

- **Agency -** ICRA Limited
- **Instrument -** Line of credit
- **Rating -** ICRAA (long term rating)
  ICRAA1 (short term rating)
- **Outlook -** Watch with negative Implication

## 13. OTHER DISCLOSURES

a. Disclosures on materially significant related party transactions

No transaction of material nature has been entered into by the Company with its Promoters, Directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company. However, please refer to the relevant Notes to the financial statements on related party transactions.

b. Details of non-compliance by the company, penalties, strictures

The Company has complied with all the statutory requirements comprised in the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and there were no penalty / strictures were imposed on the Company by stock exchange(s) or SEBI or any statutory authority, on any matter related to capital markets during the last three years.

c. The Company has a Whistle Blower Policy closely monitored by the management. No personnel has been denied access to the Audit Committee.

d. The Company has complied with all the mandatory requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

e. The Company does not have any subsidiary and hence policy on determining material subsidiaries is not applicable.

f. The Board of Directors of the Company, based on the recommendation of the Audit Committee, has approved the Policy on Related Party Transactions and the same is placed on website of the Company www.paradeepphosphates.com

g. The subsidy mechanism applicable for Urea appropriately recognizes commodity price fluctuations in respect of the required inputs. Similarly, subsidy mechanism under Nutrient Based Subsidy scheme applicable for DAP, MOP and other complex fertilizers and the market realization reflect the fluctuations in the respective commodity prices.

h. The Company has not raised any funds through preferential allotment or qualified institutions placement.

i. Certification from a company secretary in practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority is attached to this Report.

j. The Board has accepted all the recommendations of the various committees of the Board, in the relevant financial year.

k. Total fees for all services to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, is given in Note No. 28 to the Financial Statements.

l. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

    i. number of complaints filed during the financial year: Nil

    ii. number of complaints disposed off during the financial year: Nil

    iii. number of complaints pending as on end of the financial year: Nil

m. The Company has adopted para C and E of Part E of Schedule II of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

n. The Company has complied with the corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

o. There are no shares in the demat suspense account or unclaimed suspense account.

P. The Company has not given any Loans and advances in the nature of loans to firms/companies in which Directors are interested.

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

**S. K. PODDAR**
Chairman

Date: 28th May, 2022

# ANNEXURE- B TO THE BOARD'S REPORT

## Certificate on Corporate Governance

To
The Members,
**Paradeep Phosphates Limited**

We have examined the compliance of conditions of Corporate Governance by Paradeep Phosphates Limited, for the year ended on 31st March, 2022, as stipulated under various regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedure and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under various regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

**For Sunita Jyotirmoy & Associates**
Company Secretaries

**CS Jyotirmoy Mishra**
Partner
Membership No.: F 6556
CP No. 6022
UDIN: F006556D000711150
Place: Bhubaneswar

# ANNEXURE- C TO THE BOARD'S REPORT

## DECLARATION BY THE MANAGING DIRECTOR

Pursuant to Regulation 26(3) of SEBI (LODR) Regulations, 2015, I, N Suresh krishnan, Managing Director of Paradeep Phosphates Limited, declare that all Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct and Ethics during the year 2021-22.

Date : 28th May, 2022

**N Suresh Krishnan**
Managing Director
DIN: 00021965

# ANNEXURE- D -TO THE BOARD'S REPORT

## Certificate by a company secretary in practice

[Pursuant to clause (i) of point 10 of para C of Schedule V of Securities and Exchange of Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members of
**Paradeep Phosphates Limited**
5th Floor, Orissa State Handloom
Weavers' Co-Operative Building,
Pandit J. N. Marg, Bhubaneswar-751 001.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Paradeep **Phosphates Limited** ('the Company') bearing **CIN: L24129OR1981PLC001020** and having its registered office at 5th Floor, Orissa State Handloom Weavers' Co-operative Building, Pandit J. N. Marg, Bhubaneswar-751001 (hereinafter referred to as 'the Company'), 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 Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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, we hereby certify that none of below mentioned Directors in the Board of the Company Paradeep Phosphates Limited have been disqualified from being appointed or continuing as Directors of the Company by Securities Exchange Board of India or Ministry of Corporate Affairs in writing.

| Name | DIN | Date of Appointment in Company |
|---|---|---|
| Saroj Kumar Poddar | 00008654 | 05/02/2014 |
| Narayanan Suresh Krishnan | 00021965 | 16/02/2020 |
| Dipankar Chatterji | 00031256 | 03/08/2021 |
| Subhrakant Panda | 00171845 | 31/01/2022 |
| Marco Philippus Ardeshir Wadia | 00244357 | 21/03/2006 |
| Kiran Dhingra | 00425602 | 27/07/2017 |
| Satyananda Mishra | 01807198 | 04/11/2020 |
| Soual Mohamed | 08684762 | 03/02/2020 |
| Karim Lotfi Senhadji | 09311876 | 31/01/2022 |

Ensuring the eligibility of 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.

**For Sunita Jyotirmoy & Associates**
Company Secretaries

**CS Jyotirmoy Mishra**
Partner
Membership No.: F 6556
CP No. 6022
UDIN: F006556D000711150
Place: Bhubaneswar

# ANNEXURE- E -TO THE BOARD'S REPORT

## SECRETARIAL AUDIT REPORT

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

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

To,
The Members
**Paradeep Phosphates Ltd.**
5th Floor, Orissa State Handloom Weavers'
Co-Operative Building, Pandit J.N Marg
Bhubaneswar, Odisha-751001.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **PARADEEP PHOSPHATES LIMITED** (hereinafter called 'the Company') bearing **CIN U24129OR1981PLC001020.** Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2022, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2022** according to the provisions of:

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

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

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

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of **Overseas Direct Investment.**

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

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

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

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

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

And

(vi) Following industry specific laws specifically applicable to the Company.

1) The Fertilisers (Control) Order, 1985;

2) The Fertiliser (Movement Control) Order, 1973;

3) The Fertilizer (Control) (Organic, Inorganic and Mixed) Order, 1985

4) The Environment Protection Act, 1986

5) Hazardous Waste (Management & Trans-boundary Movement) Rules, 2008

6) Manufacture, Storage & Import of Hazardous

Chemicals Rules, 1989.

7) Legal Metrology Act, 2009.

8) Insecticides Act, 1968

9) Essential Commodities Act

10) Indian Boilers Act

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

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

(ii) The Company being an Unlisted Public Limited Company during the period under report, has not entered into any Listing Agreement and hence not commented upon;

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

I report that, on examination of the relevant documents and records, and based on the Company's Management representation, the Company has been regular in complying with the provisions of the Act, Rules, and Regulations etc., relating the other industry specific laws and has adequate systems to monitor and ensure its compliance.

Based on the information provided by the Company and its officers during the conduct of the audit, and also on the review of compliance reports by respective department heads and the Managing Director, duly taken on record by the Board of Directors of the Company, in my opinion, adequate systems and processes and control mechanisms exist in the Company to monitor and ensure compliance with applicable other general laws.

The compliance by the Company of applicable financial laws, such as direct and indirect tax laws has not been reviewed in this Audit since the same have been subject to review by the statutory financial auditor and other designated professionals.

I further report that:

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

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

All decisions at the General Meetings, Board Meetings and Committee Meetings were recorded in the minutes of the respective meetings.

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

I further report that during the audit period:

1. The shareholders in the EGM held on 1st June, 2021, consented to the following:

    a) purchase of the Goa fertilizer plant and associated businesses of Zuari Agro Chemical Limited (ZACL) as a going concern, on a slump sale basis for an agreed valuation of USD 280 million, subject to various statutory approvals.

    b) Further issue of Equity shares by way of Initial Public Offering (IPO) upto an aggregate of ₹ 19,182 lakhs and such number of additional Equity Shares to the extent of up to 1% of the issue size or such other extent as may be permitted under the SEBI ICDR Regulations.

    c) Sub-division of equity shares from ₹ 1000/- each to 100 shares of ₹ 10/- each. Further, 20,00,000 7% non-cumulative redeemable preference shares of ₹ 1000/- each were reclassified into 100,00,000 7% non-cumulative redeemable preference shares of ₹ 100/- each and 10,00,00,000 equity shares of ₹ 10/- each. Consequently, Clause V of the Memorandum of Association and Clause 5 of the Articles of Association were altered.

2. The shareholders in the EGM held on August 10, 2021, consented to the following:

    a. approved PPL Employees Stock Option Plan 2021 convertible into equity shares, in one or more tranches, not exceeding thirty six lakhs equity shares of face value ₹ 10/- each.

    b. the Articles of Association of the company was altered and substituted with a revised set of Articles in order to align the same with SEBI (LODR Regulations) 2015.

c. The company's shares were listed in the BSE and NSE on 27-05-2022.

**For B.C.DEBATA & ASSOCIATES**
Company Secretaries

**B.C.DEBATA**
Proprietor
FCS No. 4902, CP No.12574

Place: Bhubaneswar

UDIN: F004902D000482258

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

## 'ANNEXURE A'

To,
The Members
Paradeep Phosphates Ltd.
5th Floor, Orissa State Handloom Weavers'
Co-Operative Building, Pandit J.N Marg
Bhubaneswar, Odisha - 751001.

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

1. Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on the secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. I have conducted the audit based on the documents, information and clarifications received digitally online from the company, due to the covid19 lockdown restrictions in place during the period of audit. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

**For B.C.DEBATA & ASSOCIATES**
Company Secretaries

**B.C.DEBATA**
Proprietor
FCS No. 4902, CP No.12574

Place: Bhubaneswar

# ANNEXURE 'F' TO THE BOARD'S REPORT

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

### (A) Conservation of Energy

**(i) The steps taken or impact on conservation of energy**

- Phase-wise replacement of conventional lights with LED lights continued in the complex. Approximately 85 % replacement is completed.
- Solar power 255 kW installed in PPL township which result in reduction of power import from captive power generation unit & grid. Power consumption from solar source is 276506 kWh in 2021-22.
- Energy Efficient motors of IE3 grade 52 numbers are being procured for replacement in existing plants.
- Optimization of recovery of steam condensate up to 90% achieved.
- Effluent treatment plant (ETP) effluent load reduced by 50% by recycling & utilization of cooling tower blow down water, boiler blow down water & pump seal water in process.

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

- Power generation from Solar energy is continued in PPL township.

### (B) Technology Absorption

(i) The efforts made towards technology absorption and the benefits derived therefrom

- For 400 TPD Phosphoric acid plant, the company has tied up with M/s Prayon Technology. 90% engineering has been completed, procurement and civil construction is in progress. It will minimize the import of P2O5.

(ii) Solar power generation and utilization at Township is continued

(iii) The details of technology imported during the last three years, year of import and status of absorption

The Company has imported the following technologies during the last three years which are under implementation:

- M/s. Jacobs technology was received to increase production by 15 T/H per train, reduce stack losses improve product quality. DAP-D and DAP C trains were commissioned in 2020 & 2021 respectively. DAP-A train revamping is in progress. Revamp of all DAP trains expected to complete by FY23 Q2.
- TG-1 modification for changing extraction steam pressure from 10.5 kg/cm2 (g) to 3 kg/cm2 (g), it will improve energy efficiency (increase in LP steam generation by 15 TPH and power by 1 MW with same steam~105 TPH fed to TG).
- M/s Prayon technology is under implementation to produce 400 TPD phosphoric acid.

(iv) The expenditure incurred on Research & Development: The expenditure incurred during the year is ₹ 112.26 lakh including Capital expenditure of ₹ 0.76 lakhs .The following R&D activities were taken up during the year.

- New design of reactor agitator shaft has been completed by IIT-BBSR. The agitator shaft is ready for trial.
- Anti-scaling agent development for graphite heat exchanger is completed at IIT-BBSR. Lab scale trial for de-scaling of scaled tubes completed, further development is in progress.
- Biomass Mediated Value Addition to Fertiliser Industries Waste project under waste management technology programme was collaborated with CSIR- IMMT Bhubaneswar in Oct 2020. The pilot plant procurement and site preparation is under progress at CSIR-IMMT facility.
- Development and exploration of suitable Bentonite resources - Zypmite product formulation for the better granulation and crushing strength improvement is in progress.

- A Laboratory scale study with various additives for gypsum nucleation, crystal growth & morphology of Gypsum Crystal is in progress.

**(C) Foreign Exchange Earnings and Outgo**

(₹ in crore)

| | 2021-22 | 2020-21 |
|---|---|---|
| Foreign exchange outgo | 2859.91 | 4392.08 |
| Foreign exchange earnings | 76.95 | 1.48 |

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

**S. K. PODDAR**
Chairman

Date: 28th May, 2022

# ANNEXURE -G

## ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the company. CSR Policy of the Company includes the plans as mentioned below :

   a. eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;

   b. promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;

   c. promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

   d. ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;

   e. protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;

   f. measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;

   g. training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports;

   h. contribution to the prime minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;

   i. contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government

   j. rural development projects

   k. slum area development

   l. Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and

   m. Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research inscience, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

   n. disaster management, including relief, rehabilitation and reconstruction activities

   o. any other activities as listed in Schedule VII of the Act

The contents of the CSR Policy have been displayed on the Company's website. https://www.paradeepphosphates.com/company-policies.php

2. **Composition of CSR Committee:**

| Sl. No. | Name of Director | Designation/Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---|---|---|---|---|
| 1. | Mr. Marco P. A. Wadia | Independent Director | 1 | 1 |
| 2. | Ms. Kiran Dhingra | Independent Director | 1 | 1 |
| 3. | Mr. N. Suresh Krishnan | Managing Director | 1 | 1 |

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: https://www.paradeepphosphates.com/csr

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

   Not Applicable

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

   - NIL -

6. Average net profit of the company as per section 135(5)- ₹ 28286 Lakhs

7. (a) Two percent of average net profit of the company as per section 135(5)- ₹ 565.72 Lakhs

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. - NIL -

   (c) Amount required to be set off for the financial year, if any - NIL -

   (d) Total CSR obligation for the financial year (7a+7b -7c). ₹ 565.72 Lakhs

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

| Total Amount Spent for the Financial Year (₹ In Lakh) | Amount Unspent (in ₹) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| 565.77 | NIL | NA | NIL | NIL | NA |

### (b) Details of CSR amount spent against ongoing projects for the financial year:

| Sl. No. | Name of project | Item from the list of activities in Schedule VII to the Act. | Local Area (Yes/No) | Location of the Project | | Project Duration | Amount allocated for the Project (₹ in Lakhs) | Amount spent in the current financial year (₹ in Lakhs) | Amount transferred to Unspent CSR Account as per Section 135 (6) in ₹ | Mode of Implementation Direct (Yes/No)* | Mode of Implementation- Through Implementing Agency* | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | State | District | | | | | | Name | CSR Registration Number |
| 1 | Skill Development and Livelihood promotion | (ii),(iii) | Yes (Rural) | Odisha | Jagatsinghpur | 1 Yr. | 80.00 | 56.64 | Nil | No | Harsha Trust | CSR00001106 |
| 2 | Promotion of Healthcare and WASH | (i) | Yes (Rural) | Odisha | Jagatsinghpur | 1 Yr. | 100.00 | 106.77 | Nil | Yes | Harsha Trust | CSR00001106 |
| 3 | Promotion of Quality of Education and Educational Facilities in Villages | (ii) | Yes (Rural) | Odisha | Jagatsinghpur | 1 Yr. | 121.58 | 171.34 | Nil | Yes | Harsha Trust | CSR00001106 |
| 4 | Enhance Financial Literacy and Financial Inclusion | (ii), (iii) | Yes (Rural) | Odisha | Jagatsinghpur | 1 Yr. | 10.00 | 2.56 | Nil | No | Harsha Trust | CSR00001106 |
| 5 | Promote Environment and Biodiversity | (iv) | Yes (Rural) | Odisha | Jagatsinghpur | 1 Yr. | 25.00 | 25.27 | Nil | No | Harsha Trust | CSR00001106 |
| 6 | Promotion of Sports at Villages and School Level | (vii) | Yes (Rural) | Odisha | Jagatsinghpur | 1 Yr. | 15.00 | 12.12 | Nil | No | Harsha Trust | CSR00001106 |
| 7 | Disaster mitigation, Emergency relief support and contingency | (i), (ii) | Yes (Rural) | Odisha | Jagatsinghpur | 1 Yr. | 50.00 | 46.71 | Nil | Yes | Harsha Trust | CSR00001106 |
| 8 | Women Empowerment | (ii), (iii), (vii) | Yes (Slum) | Odisha | Jagatsinghpur | 1 Yr. | 5.00 | 6.86 | Nil | No | Society for Children | CSR00003889 |
| 9 | Skill Development and Livelihood promotion | (i), (iii), (xi) | Yes (Slum) | Odisha | Jagatsinghpur | 1 Yr. | 20.00 | 15.70 | Nil | No | Society for Children | CSR00003889 |
| 10 | Environment and Promotion of renewable energy | (iv) | Yes (Slum) | Odisha | Jagatsinghpur | 1 Yr. | 6.80 | 6.41 | Nil | No | Society for Children | CSR00003889 |
| 11 | Promotion of Education | (ii) | Yes (Slum) | Odisha | Jagatsinghpur | 1 Yr. | 10.00 | 9.51 | Nil | No | Society for Children | CSR00003889 |
| 12 | Healthcare and WASH | (i) | Yes (Slum) | Odisha | Jagatsinghpur | 1 Yr. | 19.80 | 11.59 | Nil | Yes | Society for Children | CSR00003889 |
| 13 | Support to old age, children with no parental care, widows, Girls from economically backward families | (iii) | Yes (Slum) | Odisha | Jagatsinghpur | 1 Yr. | 5.60 | 8.12 | Nil | No | Society for Children | CSR00003889 |
| 14 | Disaster mitigation, Emergency relief support, contingency fund for COVID-19 Relief & Disease Preventive Measures | (i) (ii) (iii) | Yes (Rural and Slum) | Odisha | Jagatsinghpur | 1 Yr. | 70.00 | 62.18 | Nil | Yes | | |
| | **TOTAL** | | | | | | **538.78** | **541.78** | | | | |

Note* A part of the CSR activities was implemented by implementing agencies.

(c) **Details of CSR amount spent against other than ongoing projects for the financial year:**

| -1 | -2 | -3 | -4 | -5 | | -6 | -7 | -8 | |
|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project | Item from the list of activities in schedule VII to the Act | Local area (Yes/ No) | Location of the project. | | Amount spent for the project (₹ in Lakhs) | Mode of implementation Direct (Yes/ No) | Mode of implementation Through implementing agency | |
| | | | | State | District | | | Name | CSR registration number |
| Not Applicable | | | | | | | | | |

(d) Amount spent in Administrative Overheads= ₹ 23.98 Lakh

(e) Amount spent on Impact Assessment, if applicable - NIL -

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) = ₹ 565.77 Lakh

(g) Excess amount for set off, if any - NIL -

| Sl. No. | Particular | Amount (₹ in Lakhs) |
|---|---|---|
| (i) | Two percent of average net profit of the company as per section 135(5) | 565.72 |
| (ii) | Total amount spent for the Financial Year | 565.72 |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | NIL |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | NIL |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | NIL |

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

   - Nil -

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

   - Nil -

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

    (a) Date of creation or acquisition of the capital asset(s). None

    (b) Amount of CSR spent for creation or acquisition of capital asset - NIL -

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

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

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

Date: 28th May, 2022

**N. Suresh Krishnan)**
(Managing Director)

**Marco Wadia**
(Chairman CSR Committee)

# ANNEXURE- H TO THE BOARD'S REPORT

**A. Statement of particulars pursuant to the provisions of section 197 (12) read with Rule 5 (1) of Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014.**

**I The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2021-22:**

| Sr.No. | Name of the Director | Ration of the remuneration to the median remuneration of the employees |
|---|---|---|
| 1 | Saroj Kumar Poddar | - |
| 2 | N Suresh Krishnan | 31.55:1 |
| 3 | Ghislane Guedira | - |
| 4 | Prabhas Kumar | - |
| 5 | Vinay Kumar Pandey | - |
| 6 | Soual Mohamed | - |
| 7 | Karim Lotfi Senhadji | - |
| 8 | Ujjwal Kumar# | - |
| 9 | *Marco Wadia | 0.14 : 1 |
| 10 | *Kiran Dhingra | 0.14: 1 |
| 11 | *Satyananda Mishra | 0.09: 1 |
| 12 | Dipankar Chatterji | - |
| 13 | Subhrakant Panda | - |

*Were paid sitting fees for attending meetings

**II The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the financial year;**

| Sr.No. | Name of the Director | Percentage increase in remuneration |
|---|---|---|
| 1 | Saroj Kumar Poddar | Nil |
| 2 | N Suresh Krishnan | 5.60% |
| 3 | Ghislane Guedira | Nil |
| 4 | Prabhas Kumar | Nil |
| 5 | Vinay Kumar Pandey | Nil |
| 6 | Soual Mohamed | Nil |
| 7 | Karim Lotfi Senhadji | Nil |
| 8 | Ujjwal Kumar# | Nil |
| 9 | Marco Wadia | Nil |
| 10 | Kiran Dhingra | Nil |
| 11 | Satyananda Mishra | Nil |
| 12 | Dipankar Chatterji | Nil |
| 13 | Subhrakant Panda | Nil |
| 14 | Sachin Patil | 7.70% |
| 15 | Sailesh Pati | 7.70% |

**III The percentage increase in the median remuneration of employees in the financial year:**

6.96%

**IV The number of permanent employees on the rolls of Company:**

There are 886 permanent employees on the rolls of the Company

**V 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:**

The median increase in remuneration to employees other than Managerial Personnel was 6.96%

**VI It is hereby affirmed that the remuneration paid is as per the Remuneration policy of the Company**

**B) Statement of the Employees covered under Rule 5(2) of the Companies (Appointment & Remuneration Managerial Personnel) Rules, 2014**

| Sl. No. | Name of the employee | Designation | Remuneration received (₹ in lakh) | Qualifications | Experience (years) | Date of commencement of employment | Age (years) | Last employment held | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Employer's name | Post held |
| 1 | Mr. N. Suresh Krishnan* | Managing Director | 384.97 | BE (Hons.), MSc | 35 | 16.02.2020 | 58 | Zuari Global Limited | Managing Director |
| 2 | Mr. Sabaleel Nandy* | President and Chief Operating Officer | 131.00 | B. Tech. & PGDM | 21 | 01.08.2020 | 46 | Zuari Agro Chemicals Ltd | Joint President Strategy and Technical |
| 3 | Mr. HARSHDEEP SINGH | Vice President (Sales & Mktg.) | 89.78 | BE (Chem), MBA | 27 | 16-09-2015 | 49 | Tata Chemicals Limited | AVP-Commercial |
| 4 | Mr. MILIND AKERKAR | Chief General Manager (Supply & Distbn.) | 71.83 | BE (Mech) | 31 | 15-10-2013 | 55 | Jindal Steel & Power Ltd | Sr. GM-Commercial |
| 5 | Mr. PRANAB KUMAR BHATTACHARYYA | Chief Manufacturing Officer & Unit Head | 62.22 | B.Tech (Chem) | 28 | 01-07-2016 | 52 | Zuari Fertilisers And Chemicals Limited | Head Project |
| 6 | Mr. ANIL K. TIWARI | General Manager (Comml.) | 49.02 | M.Sc, PGDMM | 37 | 06-05-2004 | 58 | Duncan Industries | Sales Manager |
| 7 | Mr. J. M. KAUSHIK | General Manager (Sales) | 47.36 | B.Sc (AG) | 37 | 16-06-1998 | 59 | Oswal Chemical & fertilizer Ltd | Area Manager |
| 8 | Mr. JAGANNATH KHUNTIA | General Manager (HR) | 46.74 | B.Sc (AG), PGDM | 33 | 09-06-2017 | 58 | Dalmia Cement | General Manager (HR) |
| 9 | Mr. ALOK KUMAR | General Manager (Group CSR & Corp. Commn.) | 39.05 | MA (Sustainable Intern Developt) | 24 | 01-10-2014 | 50 | Zuari Management Services Limited | Head CSR |
| 10 | Mr. RANJAN KUMAR MOHANTY | Officer on Special Duty | 34.75 | BE (Elect) | 37 | 07-11-1986 | 60 | BSL Co Limited | Assistant Manager (Elect) |

*These employees were employed throughout the Financial Year 2021-22 and were in receipt of remuneration in the aggregate of not less than ₹ 1,02,00,000 for that Financial Year.

**(b) Employed for a part of the financial year 2021-22 and in receipt of remuneration aggregating ₹ 8,50,000/- per month or more**

| Sl. No. | Name of the employee | Perso-nnel No. | Designa-tion | Remunera-tion received (Rs. in lakh) | Qualifi-cations | Expe-rience (years) | Date of commence-ment of employ-ment | Age (years) | Last employment held | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | Employer's name | Post held |
| 1 | Mr. Ranjit Singh Chugh | 2734 | Chief Operating Officer | 207.13 | B.Tech (Chem.) | 42 | 22.10.2018 | 63 | Zuari Agro Chemicals Ltd. | COO |

Notes:

(1) In accordance with the clarification given by the Ministry of Corporate Affairs, remuneration has been computed on the basis of the actual expenditure incurred by the Company.

(2) None of the above employees was a relative of any Director or Manager of the Company.

(3) None of the above employees was in receipt of remuneration during the year which, in the aggregate, was in excess of that drawn by the Managing Director or Whole-Time Director and holds by himself or along with his spouse and dependent children, not less 2% of the equity shares of the Company.

(4) All appointments are/were on Company roll.

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

**S. K. PODDAR**
Chairman

Date: 28th May, 2022

# ANNEXURE - I TO THE BOARD'S REPORT

**FORM NO. AOC. 1**

Statement containing salient features of the financial statement of Joint Ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Part "A": Subsidiaries**

Not Applicable

**Part "B": Joint Ventures/Associates**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

| Name of Associates/Joint Ventures | | Zuari Yoma Agri Solutions Limited |
|---|---|---|
| 1. | Latest un-audited Balance Sheet Date | 31st March 2022 |
| 2. | Shares of Associate / Joint Ventures held by the company on the year end | |
| | Number. | 5,12,500 |
| | Amount of Investment in Joint Venture | $ 5,12,500 |
| | Extend of Holding % | 50% |
| 3. | Description of how there is significant influence | Based on the percentage of holding in the Joint Venture |
| 4. | Reason why the joint venture is not consolidated | NA |
| 5. | Net worth attributable to Shareholding as per latest audited Balance Sheet | (1,356,622,828) in KYAT |
| 6. | Profit / Loss for the year | |
| | i. Considered in Consolidation | 141,729,865 in KYAT |
| | ii. Not Considered in Consolidation | 141,729,865 in KYAT |

Names of associates or joint ventures which are yet to commence operations - Nil

Names of associates or joint ventures which have been liquidated or sold during the year - Nil.

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

**S. K. PODDAR**
Chairman

Date: 28th May, 2022

# ANNEXURE - J TO THE BOARD'S REPORT

**FORM NO. AOC. 2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

1. **Details of contracts or arrangements or transactions not at arm's length basis:**

   There were no contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 which were not at arm's length basis during the year ended March 31, 2021.

2. **Details of material contracts or arrangements or transactions at arm's length basis:**

   There details of material contracts / arrangements or transactions entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 and Reg 23 of SEBI (LODR) Regulations, 2015 are given below. The Company has also entered into transactions with related parties at arm's length, the details of which are given in the notes to financial statements.

| Name(s) of the related party | Nature of Relation-ship | Nature of contracts/ arrangements/ transactions | Duration of contract | Salient terms of the contracts or arrangements or transactions including the value, if any: | Dates of Approval by the Board & shareholders | Amount paid as advances, if any |
|---|---|---|---|---|---|---|
| Zuari Agro Chemicals Limited | Joint Venturer of the Holding Company | acquisition of Goa Plant, related factory land and associated assets of ZACL as a going concern, on a slump sale basis | - | acquisition of Goa Plant, related factory land and associated assets of ZACL as a going concern, on a slump sale basis at an Enterprise Value of USD 280 million [₹ 2,052,25,44,000 (Rupees Two thousand fifty two crores twenty five lakhs and forty four thousands only) converted at an exchange rate @ ₹ 73.2948 / USD, as on the date of execution of business transfer agreement], to be suitably adjusted for working capital changes at the date of actual transfer and other agreed items, subject to the fulfilment of the terms and conditions set in Business Transfer Agreement dated March 1, 2021 | 01/06/2021 | ₹ 112,632.27 lakhs (including receivable of ₹ 72,732.27 lakhs) |

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

**S. K. PODDAR**
Chairman

Date: 28th May, 2022

# INDEPENDENT AUDITORS' REPORT

**To the Members of Paradeep Phosphates Limited**

**Report on the Audit of the Standalone Financial Statements**

### Opinion

We have audited the standalone financial statements of Paradeep Phosphates Limited (the "Company"), which comprise the standalone balance sheet as at 31 March 2022, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 31 March 2022, and its profit and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Description of Key Audit Matter**

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| **Recognition and recoverability of subsidy revenue (refer notes 8 and 20 to the Standalone Financial Statements)**<br><br>The Company recognizes the subsidy revenue from the Department of Fertilisers, Government of India ('GoI'). The revenue is recognised as per Nutrient Based Subsidy Policy ('NBS Policy') for Phosphatic and Potassic fertilisers at the time of sale of goods to its customers.<br><br>Subsidy revenue is recognized on the basis of rates notified from time to time by the Department of Fertilisers, Government of India in accordance with NBS Policy. It is recognised on the quantity of fertilisers sold by the Company. Further, recognition and realisability of subsidy income is subject to various conditions as per the GoI Policy. During the year, the Company has earned ₹ 397,722.70 lakhs from subsidy revenue and balance recoverable as at 31 March 2022 is ₹ 87,555.69 lakhs.<br><br>In view of the significance of subsidy revenue and significant judgements involved around the interpretation and satisfaction of conditions specified in GoI policy, we have considered recognition and recoverability of subsidy income as a key audit matter. | **In view of the significance of the matter, we performed the following procedures:**<br><br>• Evaluated the design, implementation and operating effectiveness of internal controls for recognition and recoverability of subsidy revenue.<br><br>• Read the relevant notifications and circulars issued by the GoI from time to time with regard to subsidy policies.<br><br>• Tested the NBS rates considered by the Company for the product subsidy with the applicable circulars and notifications.<br><br>• Reconciled the sales quantity considered for subsidy revenue with the actual sales made by the Company.<br><br>• Evaluated the Company's assessment regarding compliances with relevant conditions as specified in the notifications and policies relating to subsidy.<br><br>• Understood and challenged the basis of judgements made in relation to the relevant notifications/circulars including past precedence and subsequent evidence, as applicable.<br><br>• For evaluating the recoverability of receivables, tested the ageing analysis and assessed the information used to determine the recoverability of receivables by considering the historical trends and subsequent collections. |

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

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Board of Director's Report, but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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.

**Management's and Board of Directors' Responsibilities for the Standalone Financial Statements**

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

In preparing the standalone financial statements, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

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

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

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

a) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its standalone financial statements - Refer Note 29 to the standalone financial statements.

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

c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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

(iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.

e) The Company has neither declared nor paid any dividend during the year.

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

**For B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

**Jayanta Mukhopadhyay**
Partner
Membership Number: 055757
UDIN: 22055757AJUFBX9597

Place: Mumbai
Date: 28 May 2022

# ANNEXURE A

**to the Independent Auditor's Report on the Financial Statements of Paradeep Phosphates Limited for the year ended 31 March 2022**

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

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

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

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment, by which all property, plant and equipment are verified in a phased manner over a period of 3 years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company, except for the following which are not held in the name of the Company:

| Description of property | Gross carrying value (Rs. in lakhs) | Held in the name of | Whether promoter, director or their relative or employee | Period held- indicate range, where appropriate | Reason for not being held in the name of the Company. Also indicate if in dispute |
|---|---|---|---|---|---|
| Freehold land | 27.94 | Not applicable | Not applicable | 1982-85 | Delay on account of administrative formalities |

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment or intangible assets during the year.

(e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained and for goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company except as follows:

| Quarter | Name of bank | Particulars | Amount as per books of account (Rs. in lakhs) | Amount as reported in the quarterly return/ statement (Rs. in lakhs) | Amount of difference | Whether return/ statement subsequently rectified |
|---|---|---|---|---|---|---|
| 30 June 2021 | State Bank of India | Other current assets | 104,596.05 | 107,493.64 | 28,97.59 | No |

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security during the year and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods (and/or services provided by it) and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases of goods and services tax and income tax.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

| Name of the statute | Nature of dues | Demand Amount (Rs in lacs) | Amount deposited in dispute (Rs in lacs) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| Income-tax Act, 1961 | Income tax demand | 66.39 | Nil | 2010-11 | Commissioner of Income-tax (Appeals) |
| Income-tax Act, 1961 | Income tax demand | 80.20 | Nil | 2016-17 | Orissa High Court |
| Income-tax Act, 1961 | Income tax demand | 163.21 | Nil | 2015-16 & 2016-17 | Commissioner of Income-tax (Appeals) |
| Income-tax Act, 1961 | Income tax demand | 11.18 | Nil | 2015-16 | Commissioner of Income-tax (Appeals) |
| Central Goods and Services Tax Act, 2017 | Goods and Services Tax Demand | 1,999.90 | Nil | July 2017 to January 2018 | Orissa High Court |
| Central Sales Tax Act, 1956 | CST demand on branch transfers and disallowance of export sales | 10,420.51 | 2,000.00 | 2005-06 | Deputy Commissioner of Sales Tax |
| Central Sales Tax Act, 1956 | CST Demand on Branch Transfers | 2.44 | Nil | 2003-04 | Joint Commissioner, Sales Tax Appeals |
| The Orissa Value Added Tax Act, 2004 | Disallowance of Input tax credit | 51.96 | 4.16 | April 2016 – June 2017 | Additional Commissioner (Appeals) |
| Maharashtra Value Added Tax Act, 2002 | Disallowance of Input tax credit | 1.02 | 0.05 | 2016-17 | Deputy Commissioner Sales Tax (Appeals) |
| Central Sales Tax Act, 1956 | Demand of Central Sales Tax | 51.48 | 36.04 | 2013-14 | Sales Tax Appellate Tribunal |
| Central Sales Tax Act, 1956 | Demand of Central Sales Tax | 26.67 | 9.87 | 2013-14 | Deputy Commissioner Sales Tax (Appeals) |
| Custom Act, 1962 | Demand of CVD and SAD on Sulphur | 123.42 | 10.00 | 2007-12 | Customs Excise and Service Tax Appellate Tribunal |
| Finance Act, 1994 | Service Tax Demand | 50.02 | 5.01 | 2009-10, 2012-13, 2014-15 and 2015-16 | Customs Excise and Service Tax Appellate Tribunal |
| Central Excise Act, 1944 | Excise Duty | 234.14 | 17.56 | 2010-11 | Customs Excise and Service Tax Appellate Tribunal |
| Central Excise Act, 1944 | Excise Duty | 2.77 | 0.21 | 2015-2018 | Commissioner Appeals (Central Excise, Customs & Service Tax) |

| Name of the statute | Nature of dues | Demand Amount (Rs in lacs) | Amount deposited in dispute (Rs in lacs) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| Finance Act, 1994 | Service Tax Demand | 88.80 | 6.67 | April 2016 to June 2017 | Commissioner Appeals (Central Excise, Customs & Service Tax) |
| Orissa Entry Tax Act, 1999 | Entry Tax Penalty | 178.79 | Nil | October 2010 to March 2012 | Deputy Commissioner of Sales Tax |
| Orissa Entry Tax Act, 1999 | Entry Tax Interest | 2052.47 | 508.00 | 2007 to 2012, 2014 to September 2015 | Orissa High Court |
| Orissa Entry Tax Act, 1999 | Entry Tax Interest and Penalty | 259.41 | Nil | October 2009 | Commissioner of Sales Tax |
| Orissa Entry Tax Act, 1999 | Entry Tax Demand | 418.70 | Nil | March 2006 to July 2008 | Orissa High Court |
| Orissa Entry Tax Act, 1999 | Entry Tax Demand | 6,530.02 | Nil | 2002-03 to September 2015 | National Company Law Tribunal |
| Odisha Irrigation Act, 1959 | Interest on water charges | 2,243.65 | Nil | 2008-2022 | Orissa High Court |
| Odisha Irrigation Act, 1959 | Contribution to Water Conservation Fund | 2,322.50 | Nil | 2015 | Orissa High Court |

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its associate as defined under the Act.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its associate (as defined under the Act).

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

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

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

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

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

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) does not have more than one CIC.

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

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

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

(xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

**For BSR & Co. LLP**
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

**Jayanta Mukhopadhyay**
Partner
Membership No.: 055757
UDIN: 22055757AJUFBX9597

Place: Mumbai
Date: 28 May 2022

# ANNEXURE B

**to the Independent Auditor's Report on the standalone financial statements of Paradeep Phosphates Limited for the year ended 31 March 2022**

**Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

[Referred to in clause (f) of paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date]

**Opinion**

We have audited the internal financial controls with reference to financial statements of Paradeep Phosphates Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

**Management's Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 standalone financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial controls with Reference to Financial Statements**

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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 with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For BSR & Co. LLP**
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

**Jayanta Mukhopadhyay**
Partner
Membership No.: 055757
UDIN: 22055757AJUFBX9597

Place: Mumbai
Date: 28 May 2022

# STANDALONE BALANCE SHEET
as at 31 March 2022

(All amounts are in ₹ lakhs, unless otherwise stated)

| | Notes | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **I. Non-current assets** | | | |
| (a) Property, plant and equipment | 4(a) | 125,973.84 | 122,510.42 |
| (b) Capital work-in-progress | 4(b) | 33,629.46 | 22,005.97 |
| (c) Intangible assets | 4(c) | 86.23 | 110.55 |
| (d) Investment in associate | 5(a) | 365.61 | 365.61 |
| (e) Other income tax assets | | 1,236.50 | 1,246.99 |
| (f) Other non-current assets | 6 | 118,276.53 | 2,321.36 |
| **Total non-current assets** | | **279,568.17** | **148,560.90** |
| **II. Current assets** | | | |
| (a) Inventories | 7 | 229,322.24 | 89,905.36 |
| (b) Financial assets | | | |
| (i) Investments | 5(b) | 55,036.14 | 12,204.00 |
| (ii) Trade receivables | 8 | 90,247.54 | 115,559.36 |
| (iii) Cash and cash equivalents | 9(a) | 53,784.10 | 9,152.45 |
| (iv) Bank balances other than (iii) above | 9(b) | 5,987.37 | 167.32 |
| (v) Other financial assets | 10 | 33,844.36 | 19,591.90 |
| (c) Other current assets | 6 | 45,080.39 | 47,238.04 |
| (d) Assets classified as held for sale | 11 | 23.96 | 24.32 |
| **Total current assets** | | **513,326.10** | **293,842.75** |
| **Total assets (I+II)** | | **792,894.27** | **442,403.65** |
| **EQUITY AND LIABILITIES** | | | |
| **I. Equity** | | | |
| (a) Equity share capital | 12 | 57,545.00 | 57,545.00 |
| (b) Other equity | 13 | 165,030.92 | 125,293.06 |
| **Total equity** | | **222,575.92** | **182,838.06** |
| **II. Liabilities** | | | |
| **(1) Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 14(a) | 52,817.08 | 11,341.13 |
| (ii) Other financial liabilities | 15 | 286.71 | 10.05 |
| (b) Provisions | 16 | 2,654.83 | 1,974.99 |
| (c) Deferred tax liabilities (net) | 17 | 9,218.11 | 9,301.23 |
| **Total non-current liabilities** | | **64,976.73** | **22,627.40** |
| **(2) Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 14(b) | 242,612.49 | 113,776.12 |
| (ii) Trade payables | 18 | | |
| - Total outstanding dues of micro enterprises and small enterprises | | 818.76 | 625.56 |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | | 226,521.11 | 93,327.61 |
| (iii) Other financial liabilities | 15 | 7,766.76 | 8,245.64 |
| (b) Other current liabilities | 19 | 14,900.85 | 12,638.96 |
| (c) Provisions | 16 | 7,524.57 | 8,301.55 |
| (d) Current tax liabilities | | 5,197.08 | 22.75 |
| **Total current liabilities** | | **505,341.62** | **236,938.19** |
| **Total liabilities (1+2)** | | **570,318.35** | **259,565.59** |
| **Total equity and liabilities (I+II)** | | **792,894.27** | **442,403.65** |
| Significant accounting policies | 2 | | |

The accompanying notes form an integral part of these standalone financial statements.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

**Jayanta Mukhopadhyay**
Partner
Membership No: 055757

Place: Mumbai
Date:- 28 May 2022

For and on behalf of the Board of Directors of
**Paradeep Phosphates Limited**
CIN: U24129OR1981PLC001020

**N. Suresh Krishnan**
Managing Director
DIN: 00021965

Place: Mumbai
Date:- 28 May 2022

**S.K. Poddar**
Chairman
DIN: 00008654

Place: Dubai
Date:- 28 May 2022

**Sachin Patil**
Company Secretary

Place: Mumbai
Date:- 28 May 2022

**Bijoy Kumar Biswal**
Chief Financial Officer

Place: Mumbai
Date:- 28 May 2022

# STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2022

(All amounts are in ₹ lakhs, unless otherwise stated)

| | | Notes | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|---|---|
| | **Income** | | | |
| **I.** | Revenue from operations | 20 | 785,871.92 | 516,473.35 |
| **II.** | Other income | 21 | 3,926.99 | 1,920.60 |
| **III.** | **Total income (I+II)** | | **789,798.91** | **518,393.95** |
| **IV.** | **Expenses** | | | |
| | Cost of raw materials consumed | 22 | 524,622.29 | 226,512.43 |
| | Purchase of traded goods | | 142,828.18 | 138,020.07 |
| | Changes in inventories of finished goods, stock-in-trade and work in progress | 23 | (39,324.17) | 22,583.41 |
| | Employee benefits expense | 24 | 13,850.44 | 13,919.00 |
| | Finance costs | 25 | 8,554.14 | 11,142.53 |
| | Depreciation and amortisation expense | 26 | 9,045.72 | 8,332.81 |
| | Other expenses | 27 | 76,784.20 | 61,213.90 |
| | **Total expenses (IV)** | | **736,360.80** | **481,724.15** |
| **V.** | **Profit before tax (III-IV)** | | **53,438.11** | **36,669.80** |
| **VI.** | **Tax expense** | | | |
| | - Current tax | 17 | 13,721.45 | 7,267.94 |
| | - Income tax credit for the earlier years (net) | 17 | - | (13.36) |
| | - Deferred tax charge/(credit) | 17 | (67.54) | 7,068.90 |
| | **Total tax expense** | | **13,653.91** | **14,323.48** |
| **VII.** | **Profit for the year (V-VI)** | | **39,784.20** | **22,346.32** |
| **VIII.** | **Other comprehensive income / (loss)** | | | |
| | **Items that will not be reclassified to profit or loss** | | | |
| | a) Remeasurement gain/(loss) of the defined benefit plans | | (61.92) | 130.74 |
| | b) Income tax on above | 17 | 15.58 | (45.69) |
| | **Total other comprehensive (loss)/income for the year** | | **(46.34)** | **85.05** |
| **IX.** | **Total comprehensive income for the year (VII + VIII)** | | **39,737.86** | **22,431.37** |
| **X.** | **Earnings per equity share (nominal value of ₹ 10 each)** | | | |
| | Basic [in ₹ ] | 28 | 6.91 | 3.88 |
| | Diluted [in ₹ ] | 28 | 6.91 | 3.88 |
| | Significant accounting policies | 2 | | |

The accompanying notes form an integral part of these standalone financial statements.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

**Jayanta Mukhopadhyay**
Partner
Membership No: 055757

Place: Mumbai
Date:- 28 May 2022

For and on behalf of the Board of Directors of
**Paradeep Phosphates Limited**
CIN: U24129OR1981PLC001020

**N. Suresh Krishnan**
Managing Director
DIN: 00021965

Place: Mumbai
Date:- 28 May 2022

**S.K. Poddar**
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Place: Dubai
Date:- 28 May 2022

**Sachin Patil**
Company Secretary

Place: Mumbai
Date:- 28 May 2022

**Bijoy Kumar Biswal**
Chief Financial Officer

Place: Mumbai
Date:- 28 May 2022

# STANDALONE STATEMENT OF CASH FLOWS

**for the year ended 31 March 2022**

(All amounts are in ₹ lakhs, unless otherwise stated)

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| **A. Cash flows from operating activities** | | |
| **Profit before tax** | 53,438.11 | 36,669.80 |
| Adjustments for | | |
| Depreciation and amortisation expense | 9,045.72 | 8,332.81 |
| Finance costs | 6,151.37 | 10,158.34 |
| Interest income | (299.99) | (55.86) |
| Profit on sale of current investments | (635.85) | (23.43) |
| Gain on fair valuation of investments measured at fair value through profit or loss | (38.13) | (3.99) |
| Loss on sale / discard of property,plant and equipment (net) | 1,289.42 | 689.90 |
| Loss allowance | 2,095.78 | 764.91 |
| Bad debts, claims and advances written off | 10.23 | - |
| Unspent liabilities/provision no longer required written back | (1,727.47) | (359.88) |
| Foreign exchange fluctuation loss unrealized (net) | 3,922.46 | 2,400.17 |
| **Operating cash flow before working capital changes** | **73,251.65** | **58,572.77** |
| **Changes in working capital** | | |
| (Increase)/decrease in inventories | (139,416.88) | 17,948.45 |
| (Increase)/decrease in trade receivables | (10,627.34) | 98,565.79 |
| Increase in financial and other assets | (51,707.35) | (33,083.24) |
| Increase in trade payables and other current liabilities | 132,807.79 | 15,688.45 |
| (Decrease)/increase in provisions | (143.48) | 135.21 |
| **Cash generated from operating activities** | **4,164.39** | **157,827.43** |
| Less: Income taxes paid (net of refunds) | (8,552.21) | (7,712.66) |
| **Net cash generated from/(used in) operating activities (A)** | **(4,387.82)** | **150,114.77** |
| **B. Cash flows from investing activities** | | |
| Proceeds from sale of property, plant and equipment | 38.40 | 11.04 |
| Acquisition of property, plant and equipment, including capital work in progress, capital advances and capital creditors | (62,022.19) | (16,883.28) |
| Investments in current investments - mutual funds | (537,889.63) | (76,004.00) |
| Proceeds from sale of current investments - mutual funds | 495,731.47 | 63,827.42 |
| Interest received | 326.12 | 58.52 |
| Proceeds from/(investment in) deposits with maturity of more than three months | (6,062.09) | 57.87 |
| **Net cash used in investing activities (B)** | **(109,877.92)** | **(28,932.43)** |
| **C. Cash flows from financing activities** | | |
| Proceeds from non-current borrowings | 57,247.95 | 6,878.77 |
| Repayment of non-current borrowings | (6,611.19) | (9,878.77) |
| Proceeds from current borrowings | 568,106.27 | 627,200.75 |
| Repayment of current borrowings | (455,856.89) | (724,825.60) |
| Interest paid | (3,988.75) | (11,813.59) |
| **Net cash generated from/(used in) financing activities (C)** | 158,897.39 | (112,438.44) |
| **Net increase/(decrease) in cash and cash equivalents (A+B+C)** | 44,631.65 | 8,743.90 |
| **Cash and cash equivalents at the beginning of the year** | 9,152.45 | 408.55 |
| **Cash and cash equivalents at the end of the year (refer Note 9(a))** | 53,784.10 | 9,152.45 |

The cashflow from operating activities in the above standalone statement of cash flows has ben prepared under the indirect method as set out in Ind AS 7 Statement of Cash Flows.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

**Jayanta Mukhopadhyay**
Partner
Membership No: 055757

Place: Mumbai
Date:- 28 May 2022

For and on behalf of the Board of Directors of
**Paradeep Phosphates Limited**
CIN: U24129OR1981PLC001020

**N. Suresh Krishnan**
Managing Director
DIN: 00021965

Place: Mumbai
Date:- 28 May 2022

**S.K. Poddar**
Chairman
DIN: 00008654

Place: Dubai
Date:- 28 May 2022

**Sachin Patil**
Company Secretary

Place: Mumbai
Date:- 28 May 2022

**Bijoy Kumar Biswal**
Chief Financial Officer

Place: Mumbai
Date:- 28 May 2022

# STANDALONE STATEMENT OF CHANGES IN EQUITY

**for the year ended 31 March 2022**

(All amounts are in ₹ lakhs, unless otherwise stated)

### (a) Equity share capital

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | **Number of shares** | **Amount** | **Number of shares** | **Amount** |
| **Balance at the beginning of the year** | 575,450,000 | 57,545.00 | 5,754,500 | 57,545.00 |
| Changes in equity share capital during the year | - | - | - | - |
| **Balance at the end of the year** | **575,450,000** | **57,545.00** | **5,754,500** | **57,545.00** |

### (b) Other equity

| **Particulars** | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | **Retained earnings** | **Total other equity** | **Retained earnings** | **Total other equity** |
| **Balance at the beginning of the year** | 125,293.06 | 125,293.06 | 102,861.69 | 102,861.69 |
| Profit for the year | 39,784.20 | 39,784.20 | 22,346.32 | 22,346.32 |
| Other comprehensive income for the year * | (46.34) | (46.34) | 85.05 | 85.05 |
| **Total comprehensive income for the year** | **39,737.86** | **39,737.86** | **22,431.37** | **22,431.37** |
| **Balance at the end of the reporting year** | **165,030.92** | **165,030.92** | **125,293.06** | **125,293.06** |

* Other comprehensive income included under retained earnings represents remeasurement of defined benefit plans (net of tax).

The accompanying notes form an integral part of these standalone financial statements.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

**Jayanta Mukhopadhyay**
Partner
Membership No: 055757

Place: Mumbai
Date:- 28 May 2022

For and on behalf of the Board of Directors of
**Paradeep Phosphates Limited**
CIN: U24129OR1981PLC001020

**N. Suresh Krishnan**
Managing Director
DIN: 00021965

Place: Mumbai
Date:- 28 May 2022

**S.K. Poddar**
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DIN: 00008654

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Date:- 28 May 2022

**Sachin Patil**
Company Secretary

Place: Mumbai
Date:- 28 May 2022

**Bijoy Kumar Biswal**
Chief Financial Officer

Place: Mumbai
Date:- 28 May 2022

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**Corporate and General Information**

Paradeep Phosphates Limited ('the Company') is a public company domiciled and headquartered in Bhubaneswar, India. Zuari Agro Chemicals Limited (ZACL) holds 40.23% of equity shares of Paradeep Phosphates Limited ('the Company') through its joint venture Zuari Maroc Phosphates Private Limited (ZMPPL) and is its largest shareholder alongwith OCP S.A.. PPL and ZACL have certain directors in common. It is incorporated under the Companies Act, 1956. The Company is primarily engaged in the manufacture of Di-Ammonium Phosphate (DAP), Complex Fertilizers of NPK grades, and Zypmite (Gypsum based product) having its manufacturing facility at the port town of Paradeep, District Jagatsinghpur, Odisha. The Company is also involved in trading of fertilizers, ammonia, neutralized phospo gypsum, micronutrient and other materials. The Company caters to the demands of farmers all over the country through its "Navratna" brand of fertilizers. The Company has one associate incorporated in Myanmar under the name of Zuari Yoma Agri Solutions Limited.

**1. Basis of preparation**

(a) These financial statements are prepared in accordance with Indian Accounting Standards (IND AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values notified under the provisions of the Companies Act 2013 ("the Act") to the extent applicable. The Company has prepared these financial statements to comply in all material respects with the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 ("the Act"), read with Rule 3 of the Companies (Indian Accounting Standards), Rule, 2015 and relevant amendment rules issued thereafter.

The accounting policies have been consistently applied to all the years except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy.

(b) These Standalone Financial Statement are presented in Indian Rupees ("₹"), which is also the Company's functional and presentation currency. All amounts have been rounded off to the nearest lakhs, unless otherwise indicated.

**2. Significant accounting policies**

**(i) Classification of assets and liabilities into current/non-current**

Assets and Liabilities in the balance sheet have been classified as either current or non-current.

An asset has been classified as current if (a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is expected to be realized within twelve months after the reporting date; or (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date. All other assets have been classified as non-current.

**(i) Classification of assets and liabilities into current/non-current**

A liability has been classified as current when (a) it is expected to be settled in the Company's normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is due to be settled within twelve months after the reporting date; or (d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. All other liabilities have been classified as non-current.

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

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

**(ii) Property, plant and equipment**

Property, plant and equipment (PPE) are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, freight, duties, taxes, borrowing costs, if recognition criteria are met, and any directly attributable cost incurred to bring the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. 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 profit or loss as incurred. Replaced assets held for disposal are stated at lower of their carrying amount and fair value less costs to sell, and depreciation on such assets ceases and shown under "Assets held for sale".

Items of stores and spares that meet the definition of PPE are capitalized at cost. Otherwise, such items are classified as inventories.

Gains or losses arising from derecognition of the assets 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 and loss when the asset is derecognized.

Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalized. Other indirect expenditure incurred during the construction period which are not related to the construction activity nor are incidental thereto are charged to the statement of profit and loss. Income earned during construction period, if any, is deducted from the total of the indirect expenditure.

**(iii) Depreciation on property, plant and equipment**

a. Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the Management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The Company has used the following useful life to provide depreciation on its property, plant and equipment based on technical evaluation done.

| Class of Assets | Useful Lives estimated by the management (Years) |
|---|---|
| Buildings | 30/60 |
| Roads and culverts | 3 to 5 |
| Plants and equipments (Continuous process plant) | 25 |
| Plant and equipments (Non continuous process)* | 5 to 20 |
| Furniture, Fixtures & fittings* | 2 to 10 |
| Vehicles | 8 |
| Office equipments | 3 to 6 |
| Railway siding | 15 |

* Useful lives are different to the lives prescribed under Schedule II to the Companies Act, 2013.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate component of property, plant and equipment. These are estimated by the management supported by independent assessment by professionals.

b. Premium on land held on leasehold basis considered as Right of Use Asset is amortized over the period of lease.

c. The classification of plant and machinery into continuous and non-continuous process is done as per technical certification by the management and depreciation thereon is provided accordingly.

d. The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**(iv) Intangible assets and amortisation**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

less accumulated amortization and accumulated impairment losses, if any. Intangible assets with finite lives are amortised on a straight line basis over the estimated useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least once at the end of each reporting period. If the expected useful life of the asset is different from previous estimates, the amortization period is changed accordingly. If there has been a change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with Ind AS-8 "Accounting Policies, Changes in Accounting Estimates and Errors".

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 and loss when the asset is derecognized.

The following are the acquired intangible assets:

Software:

The management of the Company assessed the useful life of software as finite and cost of software is amortized over their estimated useful life of three years on straight line basis.

**(v Impairment of Non-Financial Assets**

The Company assesses at each reporting date whether there is an indication that an asset (except inventories and deferred tax assets) 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. Value in use is based on the estimated future cash flows, 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 CGU (or the asset).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 groups of assets. Where 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.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**(vi) Leases**

At inception of the contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract coveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves use of an identified asset, whether specified explicitly or implicitly;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- The Company has right to direct the use of the asset by either having right to operate the asset or the Company having designed the asset in a way that predetermines how and for what purpose it will be used.

**Accounting as a lessee**

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated using straight line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of lease term. The estimates of useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently measured at amortised cost. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payment of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company has elected not to recognize right-of-use asset and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets. The Company recognizes the lease payments associated with these leases as an expense on straight line basis over the lease term.

**(vii) Foreign currency transactions**

**(a) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupee (Rs.), which is Company's functional and presentation currency.

**(b) Initial recognition**

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction.

**(c) Conversion**

Foreign currency monetary items are translated using the functional currency spot rates of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost denominated in a foreign currency are translated using the exchange rate at the date of the initial recognition.

**(d) Exchange differences**

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

**(viii) 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 recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. 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 derivatives are taken directly to profit and loss.

**(ix) Fair value measurement**

The Company measures financial instruments, such as, derivatives, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, 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 market participants would use when pricing the asset or liability, assuming that 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (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 instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

External valuers are involved for valuation of significant assets, and significant liabilities, if any.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured 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.

**(x) 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 except trade receivables are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit and loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit and loss. 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. Trade receivables are measured at transaction price in accordance with Ind AS 115.

**Subsequent measurement:**

**Financial assets being debt instruments:**

Subsequent measurement of debt instruments

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. For the purposes of subsequent measurement, debt instruments are classified in three categories:

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income (FVTOCI);
- Debt instruments at fair value through profit and loss (FVTPL).

Debt instruments at amortised cost: A debt instrument is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

**Debt instrument at FVTOCI:**

A debt instrument is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent sole payments of principal and interest (SPPI).

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**Debt instrument at FVTPL:**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

**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 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.

**Impairment of Financial Assets:**

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognising impairment loss allowance based on 12-month ECL.

**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. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including derivative financial instruments.

**Subsequent Measurement:**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss (FVTPL) 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 'Financial instruments'.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

**Derecognition:**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another financial liability 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 recognised in the statement of profit and loss.

**Offsetting 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 recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**(xi) Cash and cash equivalents**

Cash and cash equivalents 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 known amount of cash and which are subject to an insignificant risk of changes in value.

**(xii) Inventories**

i. Inventories are valued at the lower of cost and net realizable value.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

ii. The cost is determined as follows:

(a) Raw Materials, Stores, Spare Parts, Chemical, Fuel Oil and Packing Materials: Weighted average method

(b) Intermediaries: Material cost on weighted average method and appropriate manufacturing overheads based on normal operating capacity

(c) Finished goods (manufactured): Material cost on weighted average method and appropriate manufacturing overheads based on normal operating capacity including Excise Duty

(d) Traded goods: Weighted average method

iii. By-products such as treated gypsum are measured at net realizable value, adjusted against the cost of main product.

iv. Net realizable value is the estimated selling price including applicable subsidy in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

v. Materials and other items 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.

**(xiii) Borrowing cost**

Borrowing costs include interest and other ancillary costs incurred in connection with the arrangement of borrowings. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**(xiv) Revenue Recognition**

The Company earns revenue primarily from sale of fertilizers. The following specific criteria must also be met before revenue is recognised:

**Sale of goods**

At contract inception, Company assess the goods promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer. Revenue is recognised upon transfer of control of promised products to customers in an amount of the transaction price that is allocated to that performance obligation and that reflects the consideration which the Company expects to receive in exchange for those products.

The Company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods to a customer net of returns, excluding amounts collected on behalf of third parties (for example, taxes) and excluding discounts and incentives, as specified in the contract with customer.

With respect to sale of products revenue is recognised at a point in time when the performance obligation is satisfied and the customer obtains the control of goods which is usually dispatch/delivery of goods, based on contracts with customers. There is no significant financing components involved on contract with customers. Invoices are usually payable within the credit period as agreed with respective customers.

**Contract balances**

**Contract assets**

A contract asset is the right to consideration in exchange for goods transferred to the customer. If the Company performs by transferring goods 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**

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 note (x) to significant accounting policies on Financial instruments – initial recognition and subsequent measurement.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**Contract liabilities**

A contract liability is the obligation to transfer goods 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 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.

**Subsidy income**

Subsidy for DAP, Muriate of Potash (MOP) and Complex Fertilizers are recognized as per rates notified by the Government of India in accordance with Nutrient Based Subsidy Policy and other guidelines issued from time to time, where there is reasonable assurance of complying with the conditions of the policy.

Subsidy on freight charges for DAP, MOP and Complex Fertilizers is recognized based on rates notified by the Government of India with the known policy parameters in this regard and included in subsidy.

**Interest Income**

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable EIR. Claims receivable on account of interest from dealers on delayed payments are accounted for to the extent the Company is reasonably certain of their ultimate collection.

**Dividend Income**

Dividend income is recognised when the Company's right to receive the payment is established.

**Insurance claims**

Claims receivable on account of insurance are accounted for to the extent the Company is reasonably certain of their ultimate collection.

**(xv) Government grants and subsidies**

Grants and subsidies [other than subsidy income considered in point (xiv) above] from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/ subsidy will be received.

Where the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

**(xvi) Employee benefits**

**Short term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

**Defined Contribution Plan**

Retirement benefit in the form of contribution to pension fund, superannuation fund and national pension scheme are defined contribution scheme. The Company has no obligation, other than the contribution payable to these schemes. The Company recognizes contribution payable to these fund schemes as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre- payment will lead to, for example, a reduction in future payment or a cash refund.

**Defined Benefit Plans**

i) Liability for Gratuity and Post Retirement Medical Benefits are provided for on the basis of actuarial valuation carried at the end of each financial year. The gratuity plan and post employment medical benefit plan has been funded by policy taken from Life Insurance Corporation of India.

ii) Liability for Provident fund is provided for on the basis of actuarial valuation carried at the end of each financial year. The difference between the actuarial valuation of the provident fund of employees at the year end and the balance of own managed fund is provided for as liability in the books in terms of the provisions under Employee Provident Fund and Miscellaneous Provisions Act, 1952.

iii) The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefits expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and such re-measurement gain / (loss) are not reclassified to the statement of profit and loss in the subsequent periods. They are included in retained earnings in the statement of changes in equity.

**Other long term benefits**

Liability for accumulated compensated absences are provided for on the basis of actuarial valuation carried at the end of each financial year. The Company measures the expected cost of accumulated compensated absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months as long term employee benefit for measurement purpose.

**(xvii) Income tax**

Tax expense comprises current income tax and deferred tax. Current income-tax expense is measured at the amount expected to be paid to the taxation 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 substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax is provided using the liability method 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 recognised for all taxable temporary differences, except when the deferred tax liability arises from an asset or liability in a transaction that at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised.

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 taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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 realised 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 recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, to the extent it would be available for set off against future current tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

**(xviii) Segment Reporting Policies**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. Chief Operating Decision Maker review the performance of the Company according to the nature of products manufactured, traded and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the locations of customers.

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting financial statements of the Company as a whole.

**(xix) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders of the Company by the weighted average number of the equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to equity shareholders of the Company and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares.

**(xx) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. A contingent liability is also a present obligation that arises from past events but outflow of resources embodying economic benefits is not probable.

**(xxi) Provisions**

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of 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. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

**3A. Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, 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. The changes in estimates are made as the management becomes aware of such changes. The changes in estimates are recognized in the period in which the estimates are revised.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

i) **Defined benefit plans**

The cost of the defined benefit gratuity plan, post-employment medical benefits and other defined benefit plans and the present value of the obligation of defined benefit plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for defined benefit plans, the management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on the expected future inflation rates. Further details about the defined benefit obligations are given in Note 32.

ii) **Useful life of Property, plant and equipment**

The management estimates the useful life and residual value of property, plant and equipment based on technical evaluation. These assumptions are reviewed at each reporting date. Refer Note 4(a).

iii) **Fair value measurement of financial instruments.**

Refer Note 34 for information about fair value measurement.

iv) **Revenue recognition**

The Company provides various rebates and incentives to the customers. In estimating the same, the Company is required to use either the expected value method or the most likely method. The Company determined that the expected value method is the appropriate method for determining estimates to recognize the impact of rebates and other incentives on revenue. These estimates are made based on historical experience and business forecast and current market conditions. The model uses the historical purchasing patterns and rebate entitlement of customers to determine the expected rebate percentages and the expected value thereof.

**3B. Standards issued but not yet effective**

On 23 March 2022, the Ministry of Corporate Affairs ("MCA") through notifications, amended to existing Ind AS. The same shall come into force from annual reporting period beginning on or after 1st April 2022. Key Amendments relating to the same whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

- Ind AS 16 Property, Plant and Equipment – For items produced during testing/trail phase, clarification added that revenue generated out of the same shall not be recognised in Statement of Profit & Loss and considered as part of cost of PPE.
- Ind AS 37 Provisions, Contingent Liabilities & Contingent Assets – Guidance on what constitutes cost of fulfilling contracts (to determine whether the contract is onerous or not) is included.
- Ind AS 103 – Business Combination – Reference to revised Conceptual Framework. For contingent liabilities / levies, clarification is added on how to apply the principles for recognition of contingent liabilities from Ind AS 37. Recognition of contingent assets is not allowed.
- Ind AS 109 Financial Instruments – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.

The amendments are extensive, and the Company will evaluate the same to give effect to them as required by law.

**Note 4(a) : Property, plant and equipment**

**Reconciliation of carrying amount**

(All amounts are in ₹ lakhs, unless otherwise stated)

| | Leasehold land - Right of Use Asset | Freehold land * | Buildings | Roads and culverts | Plant and equipments | Furniture and fittings | Vehicles | Office equip-ments | Railway siding | Total (A) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 April 2020** | 39.84 | 584.90 | 39,132.91 | 479.19 | 106,633.61 | 347.71 | 466.98 | 829.91 | 657.92 | 149,172.97 |
| Additions during the year | - | - | 434.98 | 181.58 | 8,742.70 | 54.33 | 24.97 | 106.27 | - | 9,544.83 |
| Disposals/ discard during the year | - | - | - | 0.40 | 944.64 | 6.32 | 19.91 | 3.37 | - | 974.64 |
| Adjustment (Refer note 4 below) | - | - | 49.21 | - | 649.41 | - | - | - | - | 698.62 |
| **Balance as at 31 March 2021** | **39.84** | **584.90** | **39,617.10** | **660.37** | **115,081.08** | **395.72** | **472.04** | **932.81** | **657.92** | **158,441.78** |
| **Balance as at 1 April 2021** | 39.84 | 584.90 | 39,617.10 | 660.37 | 115,081.08 | 395.72 | 472.04 | 932.81 | 657.92 | 158,441.78 |
| Additions during the year | - | - | 322.16 | 337.23 | 12,228.28 | 26.60 | 108.38 | 107.82 | 188.92 | 13,319.39 |
| Disposals/ discard during the year | - | - | 6.82 | - | 1,586.82 | 9.39 | 56.93 | 25.83 | | 1,685.79 |
| Adjustment (Refer note 4 below) | - | - | - | - | 488.37 | - | - | - | - | 488.37 |
| **Balance as at 31 March 2022** | **39.84** | **584.90** | **39,932.44** | **997.60** | **126,210.91** | **412.93** | **523.49** | **1,014.80** | **846.84** | **170,563.75** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

| | Leasehold land - Right of Use Asset | Freehold land * | Buildings | Roads and culverts | Plant and equipments | Furniture and fittings | Vehicles | Office equip-ments | Railway siding | Total (A) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Accumulated depreciation** | | | | | | | | | | |
| **Balance as at 1 April 2020** | 2.38 | - | 2,987.19 | 115.83 | 23,999.80 | 178.28 | 112.65 | 407.64 | 101.83 | 27,905.60 |
| Charge for the year | 0.44 | - | 1,361.34 | 71.27 | 6,630.47 | 45.34 | 56.21 | 100.71 | 33.94 | 8,299.72 |
| Deductions | - | - | - | - | 260.77 | 4.75 | 6.32 | 2.12 | - | 273.96 |
| **Balance as at 31 March 2021** | **2.82** | **-** | **4,348.53** | **187.10** | **30,369.50** | **218.87** | **162.54** | **506.23** | **135.77** | **35,931.36** |
| **Balance as at 1 April 2021** | 2.82 | - | 4,348.53 | 187.10 | 30,369.50 | 218.87 | 162.54 | 506.23 | 135.77 | 35,931.36 |
| Charge for the year | 0.44 | - | 1,385.13 | 112.30 | 7,271.65 | 40.93 | 58.74 | 108.74 | 38.95 | 9,016.88 |
| Deductions | - | - | 1.74 | - | 304.57 | 6.06 | 22.75 | 23.21 | - | 358.33 |
| **Balance as at 31 March 2022** | **3.26** | **-** | **5,731.92** | **299.40** | **37,336.58** | **253.74** | **198.53** | **591.76** | **174.72** | **44,589.91** |
| **Net Carrying amount** | | | | | | | | | | |
| Balance as at 31 March 2021 | 37.02 | 584.90 | 35,268.57 | 473.27 | 84,711.58 | 176.85 | 309.50 | 426.58 | 522.15 | 122,510.42 |
| **Balance as at 31 March 2022** | **36.58** | **584.90** | **34,200.52** | **698.20** | **88,874.33** | **159.19** | **324.96** | **423.04** | **672.12** | **125,973.84** |

* Company is in the process of executing conveyance deed / patta for land measuring 178.06 acres amounting to ₹ 27.94 lakhs

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

| Item of Balance Sheet | Description of Item | Gross Carrying Value | Title deed in favour of | If in the name of director etc | Propery held since | Reason of not being held in the name of the company |
|---|---|---|---|---|---|---|
| Property, Plant and equipment | Freehold land | 27.94 | NA | NA | 1982-85 | Delay on account of administrative formalities |

Notes:

1) Refer Note 14(a) and 14(b) relating to borrowings in respect of property, plant and equipment provided as security against those borrowings.
2) Refer Note 30 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
3) Capitalisation of borrowing costs relates to funds borrowed both specifically and generally to acquire/construct qualifying assets. The capitalisation rate relating to general borrowings was at 7.22% (31 March 2021: 7.74%).
4) Adjustments include adjustment on account of borrowing costs and foreign exchange fluctuations.

**4(b) Capital work-in-progress**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Opening balance | 22,005.97 | 14,904.45 |
| Add: Addition during the year | 25,431.25 | 17,352.81 |
| Less: Capitalisation during the year | 13,807.76 | 10,251.29 |
| Closing balance | 33,629.46 | 22,005.97 |

Closing balance includes other direct capital expenditure (pending allocation) ₹ 3,244.34 (31 March 2021: ₹ 1,596.20)

**CWIP Ageing Schedule**

**As at 31 March 2022**

| CWIP | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 Year | 1-2 Years | 2-3 Years | More Than 3 Years | |
| Projects in progress | 15,885.33 | 7,699.53 | 5,449.42 | 4,595.18 | 33,629.46 |
| Projects temporarily suspended | - | - | - | - | - |

**As at 31 March 2021**

| CWIP | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 Year | 1-2 Years | 2-3 Years | More Than 3 Years | |
| Projects in progress | 8,508.24 | 7,535.19 | 3,299.01 | 2,663.54 | 22,005.98 |
| Projects temporarily suspended | - | - | - | - | - |

Details of projects forming part of CWIP and which have become overdue compared to their original plans or where cost is exceeded compared to original plans

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**As at 31 March 2022** (Amount in ₹ Lakhs)

| Particulars | To be completed in | | | |
|---|---|---|---|---|
| | Less than 1 Year | 1-2 Years | 2-3 Years | More Than 3 Years |
| DAP Revamp (A&B Train) | 8,514.07 | - | - | - |
| 4th Evaporator of Phosphoric acid plant | 4,779.88 | - | - | - |
| Phosphoric Acid Plant Expansion | 10,533.04 | - | - | - |

**As at 31 March 2021** (Amount in ₹ Lakhs)

| Particulars | To be completed in | | | |
|---|---|---|---|---|
| | Less than 1 Year | 1-2 Years | 2-3 Years | More Than 3 Years |
| DAP Revamp | 8,566.06 | - | - | - |
| 4th Evaporator of Phosphoric acid plant | 2,544.73 | - | - | - |
| Phosphoric Acid Plant Expansion | 3,794.71 | - | - | - |

## 4(c) Intangible assets

(All amounts are in ₹ lakhs, unless otherwise stated)

| | 31 March 2022 Computer Software | 31 March 2021 Computer Software |
|---|---|---|
| Gross block (Carrying amount) | | |
| Balance as at beginning of the year | 421.36 | 413.52 |
| Additions during the year | 4.52 | 7.84 |
| Disposals/discard during the year | - | - |
| Adjustments | - | - |
| **Balance as at end of the year** | **425.88** | **421.36** |
| **Amortisation** | | |
| Balance as at beginning of the year | 310.81 | 277.72 |
| Amortisation for the year | 28.84 | 33.09 |
| Deductions | - | - |
| Adjustments | - | - |
| Balance as at end of the year | 339.65 | 310.81 |
| **Net carrying amount as at end of the year** | **86.23** | **110.55** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note 5(a): Investment in associate**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Investment in associate** | | |
| Unquoted investment in equity share at cost | 365.61 | 365.61 |
| 512,500 (31 March 2021: 512,500) ordinary shares of USD 1 each fully paid up of Zuari Yoma Agri Solutions Limited | | |
| **Net investment in associate** | **365.61** | **365.61** |

**Note 5(b): Investments**

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | No. of units | Amount | No. of units | Amount |
| **Mutual fund investments at fair value through profit or loss (unquoted)** | | | | |
| Aditya Birla Sun Life Money Manager Regular - Growth | - | - | 1,228,746.71 | 3,501.44 |
| Aditya Birla Money Manager Fund-direct | 3,181,226.54 | 9,509.02 | - | - |
| Axis Money Market Fund - Direct Plan | 781,880.89 | 9,005.59 | 207,887.17 | 2,301.07 |
| Nippon India Money Market Fund - Direct Growth Plan Growth Option | 403,202.90 | 13,509.57 | 43,499.36 | 1,401.00 |
| Nippon India Money Market Fund - Growth Plan Growth Option | - | - | 62,588.63 | 2,000.40 |
| HDFC Money Market Fund - Regular Plan _ Growth | - | - | 33,945.49 | 1,499.93 |
| HDFC Mutual Fund - Money Market -Direct Growth | 107,466.46 | 5,002.35 | - | - |
| Kotak Mutual Fund - Money Market Fund | 234,859.14 | 8,503.57 | - | - |
| ICICI Prudential Money Market Fund - Growth | - | - | 170,598.19 | 499.98 |
| ICICI Prudential Money Market Fund - Direct Plan - Growth | 3,097,497.25 | 9,506.04 | 338,721.53 | 1,000.18 |
| **Total investments** | | **55,036.14** | | **12,204.00** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

### Note 6: Other Non Current Assets and Current Assets

(Unsecured, considered good unless otherwise stated)

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | **Non-current** | **Current** | **Non-current** | **Current** |
| Capital advances | | | | |
| Related parties (refer Note 33) | 112,656.46 | - | 24.19 | - |
| Others | 4,798.38 | - | 1,446.85 | - |
| Advance to vendors: | | | | |
| Related parties (refer Note 33) | - | 1.34 | - | 1.34 |
| Others | - | 2,636.66 | - | 2,098.39 |
| Less: Loss allowance | - | (32.00) | - | (32.00) |
| Claims receivable | 218.28 | 1,620.11 | 218.28 | 861.28 |
| Less: Loss allowance | (218.28) | - | (218.28) | - |
| Balance with statutory / government authorities | - | 36,682.67 | - | 23,659.01 |
| Prepaid expenses | 64.40 | 1,423.94 | 93.03 | 367.35 |
| Sales tax & entry tax deposits | 8.01 | 2,596.52 | 8.01 | 2,596.52 |
| Less: Loss allowance | (8.01) | - | (8.01) | - |
| Receivable from Related Party (Refer note no. 33) | - | - | - | 17,541.97 |
| Other deposits | | | | |
| Related parties (refer Note 33) | 42.00 | - | 42.00 | - |
| Others* | 715.29 | 151.15 | 715.29 | 144.18 |
| **Total other assets** | **118,276.53** | **45,080.39** | **2,321.36** | **47,238.04** |

* Includes primarily deposits with vendors, service providers etc.

### Note 7: Inventories

(Valued at the lower of cost and net realisable value)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Raw materials | 137,959.00 | 37,928.44 |
| Finished goods | 24,941.42 | 13,520.24 |
| Traded goods | 35,650.63 | 13,079.27 |
| Intermediates | 10,991.95 | 7,158.97 |
| Stores, spare parts, chemical and fuel oil | 5,604.36 | 4,449.87 |
| Packing materials | 990.96 | 630.50 |
| By-Products | 13,183.92 | 13,138.07 |
| **Total inventories** | **229,322.24** | **89,905.36** |

Note:

a) Inventories are pledged against the borrowings as further explained in Note 14(a) and 14(b).

b) The cost of inventories recognised as expense includes Nil (31 March 2021: ₹ 39.29) in respect of write down of inventories.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

c) Inventories includes inventories in transit as at the balance sheet date as under:

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Raw materials | 69,359.06 | 19,643.50 |
| Finished goods | 7,630.77 | 3,468.75 |
| Traded goods | 34,984.38 | 5,927.52 |
| Stores and spare parts | 1,000.67 | 230.47 |
| Total inventories in transit | **112,974.88** | **29,270.24** |

**Note 8: Trade receivables**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Trade receivables considered good - secured | 105.28 | 573.53 |
| Trade receivables considered good - unsecured | 92,154.68 | 83,261.69 |
| From related parties (Refer Note 33) | | |
| Trade receivables considered good - unsecured | 2,502.61 | 35,203.15 |
| Total trade receivables | 94,762.57 | 119,038.37 |
| Less: Loss allowance | (4,515.03) | (3,479.01) |
| **Net trade receivables (Refer note 'a' below)** | **90,247.54** | **115,559.36** |

Trade receivables are carried at amortised cost which are a reasonable approximation of their fair value.

a) Includes subsidy receivable from the Government of India amounting to ₹ 87,555.69 (31 March 2021: ₹ 51,844.89)

b) Trade receivables are pledged against the borrowings obtained by the Company as further explained in Note 14(a) and 14(b).

c) Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

d) No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person, nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

e) The Company's exposure to credit and currency risks and loss allowances related to trade receivables are disclosed in Note 35.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Trade Receivable ageing schedule:**

**As at 31 March 2022**

| Particulars | | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | | Less than 6 months | 6 months -1 year | 1-2 Years | 2-3 Years | More Than 3 Years | |
| (i) | Undisputed Trade receivables - considered good | 71,558.30 | 8,666.24 | 254.46 | 1,376.02 | 688.82 | 4,455.29 | 86,999.13 |
| (ii) | Undisputed Trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) | Undisputed Trade receivables - credit impaired | - | - | - | - | - | - | - |
| (iv) | Disputed Trade receivables - considered good | - | - | - | - | - | 5,359.52 | 5,359.52 |
| (v) | Disputed Trade receivables - which have significant increase in credit risk | - | 484.74 | - | 244.22 | 145.43 | 1,529.53 | 2,403.92 |
| (vi) | Disputed Trade receivables - credit impaired | - | - | - | - | - | - | - |
| Gross trade receivable | | | | | | | | 94,762.57 |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**As at 31 March 2021**

| Particulars | | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | | Less than 6 months | 6 months -1 year | 1-2 Years | 2-3 Years | More Than 3 Years | |
| (i) | Undisputed Trade receivables - considered good | 19,730.42 | 43,248.64 | 1,664.37 | 14,399.85 | 19,145.84 | 13,135.76 | 111,324.88 |
| (ii) | Undisputed Trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) | Undisputed Trade receivables - credit impaired | - | - | - | - | - | - | - |
| (iv) | Disputed Trade receivables - considered good | - | - | - | - | - | 5,359.52 | 5,359.52 |
| (v) | Disputed Trade receivables - which have significant increase in credit risk | - | 93.59 | 236.89 | 332.29 | 412.09 | 1,279.11 | 2,353.97 |
| (vi) | Disputed Trade receivables - credit impaired | - | - | - | - | - | - | - |
| Gross trade receivable | | | | | | | | 119,038.37 |

**Note 9(a): Cash and cash equivalents**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Balances with banks | | |
| - On current accounts | 26.23 | 247.31 |
| - On cash credit accounts | 3,583.16 | 8,904.97 |
| – Term Deposit Account (original maturity of less than 3 months) | 50,174.52 | - |
| Cash on hand | 0.19 | 0.17 |
| **Total cash and cash equivalents** | **53,784.10** | **9,152.45** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note 9(b): Bank balances other than above**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| - In term deposit account * | 5,987.37 | 167.32 |
| **Total bank balances other than above** | **5,987.37** | **167.32** |

Bank balances other than above are carried at amortised cost which are a reasonable approximation of their fair value.

*With original maturity of more than 3 months but not greater than 12 months pledged with Executive Engineer, Mahanadi South Division as security deposit ₹ 343.89 (31 March 2021: ₹ 162.32), against bank guarantee issued in favour of Regional Director, ESI Corporation, bhubaneswar ₹ 5.00 (31 March 2021: ₹ 5.00), against bank guarantee issued in favour of East Cost Railway : ₹ 291.1 6 (31 March 2021: Nil), cash margin fixed deposit issued against usance LC for supply of imported raw materials : ₹ 5,347.32 (31 March 2021:Nil)

**Note 10: Other financial assets**

(Unsecured, considered good unless otherwise stated)

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | Non-current | Current | Non-current | Current |
| **Derivative instruments at fair value through profit or loss** | | | | |
| Derivatives not designated as hedges | | | | |
| Foreign-exchange forward contracts | - | 453.37 | - | - |
| **Other financial asset at amortised cost*** | | | | |
| Claims receivable: | | | | |
| Related parties (refer Note 33) | - | 32,583.56 | - | 16,163.08 |
| Others | 209.79 | 449.24 | 209.79 | 765.50 |
| Less: Loss allowance | (209.79) | - | (209.79) | - |
| Interest receivable on deposits, receivables, etc: | | | | |
| Related parties (refer Note 33) | - | - | - | 2,556.74 |
| Others | - | 31.34 | - | 50.40 |
| Other receivable | | | | |
| Related parties (refer Note 33) | - | 326.85 | - | 56.18 |
| **Total other financial assets** | **-** | **33,844.36** | **-** | **19,591.90** |

* The carrying amounts of these financial instruments are a reasonable approximation of their fair value.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note 11: Assets classified as held for sale**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Discarded property, plant and equipment | 23.96 | 24.32 |
| **Total assets classified as held for sale** | **23.96** | **24.32** |

Assets held for sale represent property, plant and equipment discarded. The Company expects to dispose it off in next one year.

**Note 12: Equity share capital**

**(a) Details of authorised, issued, subscribed and fully paid up share capital:**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Authorised share capital** | | |
| 900,000,000 (31 March 2021: 8,000,000) equity shares of ₹ 10 each (31 March 2021: ₹ 1000 each) | 90,000.00 | 80,000.00 |
| 10,000,000 (31 March 2021: 2,000,000) 7% Non cumulative Redeemable preference shares of ₹ 100/- each (31 March 2021:Rs.1000 each) | 10,000.00 | 20,000.00 |
| **Total authorised share capital** | **100,000.00** | **100,000.00** |
| **Issued, subscribed and fully paid up shares** | | |
| 575,450,000 (31 March 2021: 5,754,500) equity shares of ₹ 10 (31 March 2021: ₹ 1000) each fully paid | 57,545.00 | 57,545.00 |
| **Total equity share capital** | **57,545.00** | **57,545.00** |

**(b) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year:**

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | Number of equity shares | Amount | Number of equity shares | Amount |
| Balance at the beginning of the year | 5,754,500 | 57,545.00 | 5,754,500 | 57,545.00 |
| Changes during the year | 569,695,500 | - | - | - |
| Balance at the end of the year | 575,450,000 | 57,545.00 | 5,754,500 | 57,545.00 |

**(c) Terms/ rights attached to equity shares:**

1) The Company has only one class of equity share having par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. Refer note 28 for sub-division of shares post 31 March 2021.

2) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company in proportion to the number of equity shares held by the respective shareholders.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

3) The shares held by the GOI have the following additional rights :

   a) The GOI is entitled to nominate two directors on the Board of the Company so long as it holds at least 15.5% issued equity shares of the Company.

   b) The presence of at least one GOI nominee director is required to constitute a quorum in a board meeting, failing which the meeting would be adjourned twice. Thereafter, in the absence of GOI nominee director, the directors present shall constitute the quorum.

   c) The above requirement is also applicable to constitute a quorum in shareholder's meeting.

   d) The resolution for certain important matters cannot be passed in a board meeting / shareholders' meeting without the affirmative vote of at least one GOI nominee director/shareholder.

4) The shares held by Zuari Maroc Phosphates Private Limited (ZMPPL) have the following additional rights :

   a) ZMPPL is entitled to nominate maximum 6 directors on the Board of the Company.

   b) The Chairman and the Managing Director shall be appointed from amongst the directors nominated by ZMPPL.

**(d) Shares held by holding company are as below:**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Name of shareholder** | | |
| Zuari Maroc Phosphates Private Limited (ZMPPL), the holding company (erstwhile known as Zuari Maroc Phosphates Limited (ZMPL)) | 46,296.10 | 46,296.10 |

**(e) Details of equity shareholders holding more than 5% of the aggregate equity shares in the Company:**

| Name of equity shareholder | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | Number of equity shares | % of total shares in the class | Number of equity shares | % of total shares in the class |
| Zuari Maroc Phosphates Private Limited (ZMPPL), the holding company (erstwhile known as ZMPL) | 462,961,000 | 80.45% | 4,629,610 | 80.45% |
| President of India - Government of India (GOI) | 112,489,000 | 19.55% | 1,124,890 | 19.55% |

(f) The Company has not issued any bonus shares or shares for consideration other than cash during the period of five years immediately preceding the reporting date.

(g) As per records of the company including its register of share holders/members and other declarations received from share holders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**(h) Details of shareholding of promoters:**

| Name of equity shareholder | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | Number of equity shares | % of total shares in the class | Number of equity shares | % of total shares in the class |
| Zuari Maroc Phosphates Private Limited (ZMPPL), the holding company (erstwhile known as ZMPL) | 462,961,000 | 80.45% | 4,629,610 | 80.45% |
| President of India - Government of India (GOI) | 112,489,000 | 19.55% | 1,124,890 | 19.55% |

# There is no change in % of shareholdings by any of the promotors during the year and the comparative previous year.

**Note 13: Other equity**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Retained earnings | 165,030.92 | 125,293.06 |
| **Total other equity** | **165,030.92** | **125,293.06** |

Refer standalone statement of changes in equity for movement in retained earnings during the years.

**Nature and purpose of reserves:**

**Retained earnings:** Retained earnings are profits that the Company has earned till date, less dividends or other distributions paid to the shareholders. It also includes remeasurement gain/ loss of defined benefit plans.

**Note 14(a): Non-Current Borrowings**

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | Non-current | Current Maturities | Non-current | Current Maturities |
| **Secured** | | | | |
| Rupee term loan from banks | 52,817.08 | 16,769.79 | 11,341.13 | 7,608.98 |
| Amount of current maturities disclosed under the head "current borrowings" (Refer note 14(b)) | - | (16,769.79) | - | (7,608.98) |
| **Total non-current borrowings** | **52,817.08** | **-** | **11,341.13** | **-** |

Non-Current Borrowings are carried at amortised cost which are a reasonable approximation of their fair value.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**Terms and conditions including nature of securities and terms of repayment of each loan and interest rate:**

| Particulars of loan | Security | Terms of repayment | Period / Year end | Effective interest rate |
|---|---|---|---|---|
| Rupee term loan from- ICICI Bank | First pari passu with the mortgages and charges created in respect of immovable properties and movable properties and second pari passu with the charges created in respect of current assets. | Repayable in 20 quarterly instalments commenced from 31 December 2018, of which first 8 quarterly instalments are of ₹ 500.00, next 4 quarterly instalments of ₹ 1000.00 and remaining 8 quarterly instalments of ₹ 1500.00 | 31 March 2022<br>31 March 2021 | 8.35%<br>8.55% |
| Rupee term loan from- Bank of India | First pari passu with the mortgages and charges created in respect of immovable properties and movable properties and second pari passu with the charges created in respect of current assets. | Repayable in 16 quarterly instalments of ₹ 1337.50 commencing from 30 September 2022. | 31 March 2022<br>31 March 2021 | 7.55%<br>9.70% |
| Rupee term loan from Rabo Bank U A loan(Co-operative bank) | First pari passu with the mortgages and charges created in respect of immovable properties and movable properties | Repayable in 7 quarterly instalments of ₹ 2698.00 commencing from 4 April 2023. | 31 March 2022<br>31 March 2021 | 7.17%<br>- |
| Rupee term loan from- ICICI Bank | First pari passu with the mortgages and charges created in respect of immovable properties and movable properties | Repayable in 16 quarterly instalments of ₹ 937.50 commencing from 31 March 2023. | 31 March 2022<br>31 March 2021 | 8.20%<br>- |
| Rupee term loan from- ICICI Bank | First pari passu with the mortgages and charges created in respect of movable properties | Repayable in 10 quarterly instalments of ₹ 1500.00 commencing from 31 March 2022. | 31 March 2022<br>31 March 2021 | 7.25%<br>- |
| Rupee term loan from- SBI | First pari passu with the mortgages and charges created in respect of fixed assets and second paripassu with charge on entire current assets. | Repayable in 20 quarterly instalments of ₹ 850.00 commencing from 1 April 2023. | 31 March 2022<br>31 March 2021 | 9.00%<br>- |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note 14(b): Current Borrowings**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **From banks:** | | |
| **Secured** | | |
| Loans repayable on demand | | |
| Cash credit | 16.64 | - |
| **Other loans** | | |
| Buyer's credit | 132,502.88 | - |
| Supplier's credit | 67,323.18 | 106,167.14 |
| Other loans from bank | 25,000.00 | - |
| Current maturity of non-current borrowings | 16,769.79 | 7,608.98 |
| **Unsecured** | | |
| Other loans from bank | 1,000.00 | - |
| **Total current borrowings** | **242,612.49** | **113,776.12** |

Current Borrowings are carried at amortised cost which are a reasonable approximation of their fair value.

**Terms and conditions including nature of securities and terms of repayment of each loan and interest rate:**

| Particulars of loan | Security | Terms of repayment | Period | Principal Amount | Effective interest rate |
|---|---|---|---|---|---|
| Cash credit (secured) | First charge by way of hypothecation on all current assets and second charge on all immovable & movable properties of the Company (other than certain current assets hypothecated / pledged in favour of banks by way of first charge) both present and future on pari-passu basis. | Repayable on demand | 31 March 2022 | 16.64 | 8.15% |
| | | | 31 March 2021 | - | - |
| Supplier's credit (secured)/ buyer's credit (secured) | | Repayable over a period of 7 to 180 days | 31 March 2022 | 199,826.06 | 6 month LIBOR/ SOFR plus 0.10% to 0.75% |
| | | | 31 March 2021 | 106,167.14 | 6 month LIBOR plus 0.10% to 0.75% |
| Rupee loan (secured) | The loan is secured against 100% fixed deposit | Repayable on demand | 31 March 2022 | 25,000.00 | 4.70% |
| | | | 31 March 2021 | - | - |
| Others Loans (unsecured) | Unsecured | Repayable on demand | 31 March 2022 | 1,000.00 | 7.51% |
| | | | 31 March 2021 | - | - |

**Details of securities as reported in the books vis-à-vis quarterly return:**

| Particulars of securities | Name of the bank | Quarter | Amount as per books of accounts | Amount as reported in the qtrly return | Amount of difference | Reason of material difference |
|---|---|---|---|---|---|---|
| Other Current Assets | State Bank of India | June-21 | 104,596.05 | 107,493.64 | (2,897.59) | On account of setoff between current asset and current liability |
| **Total** | | | **354,320.59** | **357,218.18** | **(2,897.59)** | |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note 15: Other financial liabilities**

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | Non-current | Current | Non-current | Current |
| **Financial liabilities at fair value through profit or loss** | | | | |
| **Derivatives not designated as hedges** | | | | |
| Foreign-exchange forward contracts | - | - | - | 1,591.54 |
| **Total financial liabilities at fair value through profit or loss** | **-** | **-** | **-** | **1,591.54** |
| **Other financial liabilities at amortised cost*** | | | | |
| Earnest money/Security deposits | | | | |
| Others | - | 3,166.26 | - | 2,800.27 |
| Employee related dues | 286.71 | 2,558.41 | 10.05 | 2,297.74 |
| Creditors for property, plant and equipments (including retention money from contractors/suppliers) | | | | |
| Related Parties (Refer Note 33) | - | 42.53 | - | 42.53 |
| Others | - | 1,740.65 | - | 1,439.47 |
| Interest accrued but not due on borrowings | - | 258.91 | - | 74.09 |
| **Total other financial liabilities at amortised cost** | **286.71** | **7,766.76** | **10.05** | **6,654.10** |
| **Total other financial liabilities** | **286.71** | **7,766.76** | **10.05** | **8,245.64** |

* The carrying amounts of these financial instruments are a reasonable approximation of their fair value.

**Note 16: Provisions**

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | Non-current | Current | Non-current | Current |
| **Provision for employee benefits *** | | | | |
| Post retirement medical benefits | 154.91 | 11.12 | 58.90 | 4.15 |
| Gratuity (refer Note 32) | 1,548.14 | 222.91 | 1,320.22 | 160.35 |
| Leave salary | - | 3,832.40 | - | 4,862.99 |
| **Other provisions (Refer Note 'a' below)** | | | | |
| Contractors | 951.78 | - | 595.87 | - |
| Others | | | | |
| - Capital expenditure | - | 250.18 | - | 250.18 |
| - Others | - | 3,207.96 | - | 3,023.88 |
| **Total provisions** | **2,654.83** | **7,524.57** | **1,974.99** | **8,301.55** |

* The classification of current/non current for provision for employee benefits has been determined by the actuary of the Company, based upon estimated amount of cash outflow during the next 12 months from the balance sheet date.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note a: The movement for "Other provisions" during the year is as follows:**

Movement of provisions during the year as required by Ind AS 37 "Provisions, Contingent Liabilities and Contingent Asset"

**Capital expenditure**

| | As at 31 March 2022 | | | As at 31 March 2021 | | |
|---|---|---|---|---|---|---|
| | Capital Expenditure ** | Contractor | Others ** | Capital Expenditure ** | Contractor | Others ** |
| Opening balance | 250.18 | 595.87 | 3,023.88 | 250.18 | 621.24 | 2,845.58 |
| Provision made during the year | - | 355.91 | 184.08 | - | - | 178.30 |
| Provision adjusted during the year | - | - | - | - | (25.37) | - |
| **Closing balance**** | **250.18** | **951.78** | **3,207.96** | **250.18** | **595.87** | **3,023.88** |

** Closing balance includes the following provisions

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | Capital Expenditure | Others | Capital Expenditure | Others |
| Ground rent (Refer note i below) | - | 2,693.56 | - | 2,516.20 |
| Land compensation (including interest) (Refer note ii below) | 250.18 | - | 250.18 | - |
| Employees' state insurance (Refer note iii below) | - | 220.96 | - | 214.24 |
| Provision for others (freight claims) | - | 293.44 | - | 293.44 |
| | **250.18** | **3,207.96** | **250.18** | **3,023.88** |

i. The Land Policy of Port land has been revised as per the Land Policy Guidelines issued by the Ministry of Shipping, Government of India. Pursuant to the said policy and pending outcome of negotiation with Paradeep Port Trust, the Company has made provision towards ground rent, interest and taxes amounting to ₹ 2,693.56 (31 March 2021: ₹ 2,516.20) against the demand raised by Paradeep Port Trust.

ii. In terms of meeting for amicable settlement of dispute the additional compensation to the land losers, under the chairmanship of the Collector and District Magistrate, Jagatsinghpur, it was decided to pay additional compensation at the rate fixed to the claimants through the Special Land Acquisition Officer (Spl. LAO), Government of Odisha. Since the disbursement process to land losers had started in the financial year 2010-11 through Spl. LAO, the Company had accounted for total estimated liability of ₹ 566.01 (including interest of ₹ 418.01) during the financial year 2010-11. The outstanding liability as on 31 March 2022 stands at ₹ 250.18 (31 March 2021: ₹ 250.18) after making payment to Spl. LAO.

iii. Employees' State Insurance Corporation (ESIC) raised various demands against the Company in respect of both contract labourers and employees in earlier years, which were contested by the Company in various Courts and Authorities. The Company is continuing with the provision existing in the books as on 31 March 2022 as ₹ 220.96 (31 March 2021: ₹ 214.24)

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note 17: Income Tax**

**A. Amount recognised in the profit or loss**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Current tax expense / (credit): | | |
| Current income tax charge for continuing operations | 13,721.45 | 7,267.94 |
| Adjustment in respect of current income tax of earlier years | - | (13.36) |
| Deferred tax charge / (credit): | (67.54) | 7,068.90 |
| **Total tax expense** | **13,653.91** | **14,323.48** |

**B. Amount recognised in the Other Comprehensive Income**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Deferred tax charge / (credit) to OCI | (15.58) | 45.69 |

**C. Reconciliation of effective tax rate**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| **Accounting profit before income tax from continuing operations** | 53,438.11 | 36,669.80 |
| Accounting profit before income tax | 53,438.11 | 36,669.80 |
| At India's statutory income tax rate of 25.168% | 13,449.30 | 12,813.89 |
| **Tax effects of amount which are not deductible / (taxable) in calculating taxable income -** | | |
| CSR expenditure | 142.40 | 175.72 |
| Interest on income tax under Section 220(2) of IT Act 1961 | (70.63) | 68.10 |
| Interest under Section 234B/234C | 121.94 | - |
| On account of reassessment of tax expenses | - | 1,158.39 |
| Impact of claim of health and education cess | - | (162.35) |
| Others | 10.90 | 283.09 |
| **Effective tax charge** | **13,653.91** | **14,336.84** |
| Add: Tax impact for earlier years | - | (13.36) |
| **Tax expenses as per the Statement of Profit and Loss** | **13,653.91** | **14,323.48** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**D. Movement in Deferred tax balances**

| | Balance as at 1 April 2021 | Recognised in profit or loss | Recognised in OCI | Balance as at 31 March 2022 |
|---|---|---|---|---|
| **Deferred tax liabilities** | | | | |
| Property, plant and equipment (including intangible assets) | 13,933.52 | 177.39 | - | 14,110.91 |
| On account of statutory dues | 641.47 | - | - | 641.47 |
| **Total deferred income tax liabilities** | **14,574.99** | **177.39** | **-** | **14,752.38** |
| **Deferred tax assets** | | | | |
| Effect of loss allowance | 993.48 | 260.77 | - | 1,254.25 |
| Expenses allowable under income tax on payment basis under Section 43B of the Income-tax Act, 1961 | 3,646.95 | (60.46) | 15.58 | 3,602.07 |
| Provision for other liabilities | 633.33 | 44.62 | - | 677.95 |
| **Total deferred income tax assets** | **5,273.76** | **244.93** | **15.58** | **5,534.27** |
| **Net deferred tax liabilities / (assets)** | **9,301.23** | **(67.54)** | **(15.58)** | **9,218.11** |

| | Balance as at 1 April 2020 | Recognised in profit or loss | Recognised in OCI | Balance as at 31 March 2021 |
|---|---|---|---|---|
| **Deferred tax liabilities** | | | | |
| Property, plant and equipment (including intangible assets) | 12,711.78 | 1,221.74 | - | 13,933.52 |
| On account of statutory dues | 891.28 | (249.81) | - | 641.47 |
| **Total deferred income tax liabilities** | **13,603.06** | **971.93** | **-** | **14,574.99** |
| **Deferred tax assets** | | | | |
| Effect of loss allowance | 847.26 | 146.22 | - | 993.48 |
| Expenses allowable under income tax on payment basis under Section 43B of the Income-tax Act, 1961 | 4,940.72 | (1,248.08) | (45.69) | 3,646.95 |
| Provision for other liabilities | 819.31 | (185.98) | - | 633.33 |
| MAT credit entitlement | 4,809.12 | (4,809.12) | - | - |
| **Total deferred income tax assets** | **11,416.41** | **(6,096.96)** | **(45.69)** | **5,273.76** |
| **Net deferred tax liabilities / (assets)** | **2,186.65** | **7,068.89** | **45.69** | **9,301.23** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note 18: Trade payables**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Total outstanding dues of micro enterprises and small enterprises | 818.76 | 625.56 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | |
| - Related parties (refer Note 33) | 110,304.81 | 46,296.80 |
| - Others | 116,216.30 | 47,030.81 |
| | **227,339.87** | **93,953.17** |

Trade payables are carried at amortised cost which are a reasonable approximation of their fair value.

Trade payables include acceptances from related parties and others amounting to ₹ 54,286.38 and ₹ 98,883.61 (31 March 2021: ₹ 38,183.18 and ₹ 30,979.35) respectively.

**Note:**

Trade payables and acceptances are non-interest bearing and are normally settled on 30 to 180 day terms.

The amount due to Micro and small enterprises as defined under Micro Small and Medium Enterprise Development Act, 2006 has been determined to the extent such suppliers have been identified on the basis of information available with the Company. The details are as under:

| | | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|---|
| (i) | the principal amount and interest thereon remaining unpaid at the end of financial year | 818.76 | 625.56 |
| (ii) | the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| (iii) | the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 | - | - |
| (iv) | the amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| (v) | the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | - | - |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Trade payable ageing schedule**

**As at 31 March 2022**

| Particulars | Not due | Outstanding for following periods from due date of payment | | | | |
|---|---|---|---|---|---|---|
| | | Less than 1 Year | 1-2 Years | 2-3 Years | More Than 3 Years | Total |
| (i) MSME | - | 818.76 | - | - | - | 818.76 |
| (ii) Others | - | 215,534.97 | 535.56 | 766.19 | 508.89 | 217,345.61 |
| (iii) Disputed Dues-MSME | - | - | - | - | - | - |
| (iv) Disputed Dues-Others | - | - | - | - | - | - |
| (v) Unbilled dues | 9,175.50 | | | | | 9,175.50 |
| **Total** | | **216,353.73** | **535.56** | **766.19** | **508.89** | **227,339.87** |

**As at 31 March 2021**

| Particulars | Not due | Outstanding for following periods from due date of payment | | | | |
|---|---|---|---|---|---|---|
| | | Less than 1 Year | 1-2 Years | 2-3 Years | More Than 3 Years | Total |
| (i) MSME | - | 625.56 | - | - | - | 625.56 |
| (ii) Others | - | 80,807.20 | 1,724.40 | 1,146.45 | 3,354.06 | 87,032.11 |
| (iii) Disputed Dues-MSME | - | - | - | - | - | - |
| (iv) Disputed Dues-Others | - | - | - | - | - | - |
| (v) Unbilled dues | 6,295.50 | - | - | - | - | 6,295.50 |
| **Total** | | **81,432.76** | **1,724.40** | **1,146.45** | **3,354.06** | **93,953.17** |

**Note 19: Other current liabilities**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Rebate liabilities | 2,401.01 | 3,558.78 |
| Interest on statutory dues | 482.66 | 304.98 |
| Statutory dues | 10,733.91 | 8,086.18 |
| Advance from customers | 1,283.27 | 689.02 |
| | **14,900.85** | **12,638.96** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note 20: Revenue from operations**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Sale of products | 387,574.95 | 371,527.59 |
| Subsidy from the Government of India on fertilizers (refer note (c) below) | 397,722.70 | 144,539.10 |
| Other operating revenues - Export incentive | 49.27 | - |
| - Scrap sales | 525.00 | 406.66 |
| **Revenue from operations *** | **785,871.92** | **516,473.35** |

* Revenue is net of rebates, discounts and goods and service tax.

**(a) Reconciliation of revenue recognised with contract price:**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Contract price | 799,001.12 | 525,133.18 |
| Adjustment for: | | |
| Variable considerations - rebates | (13,129.20) | (8,659.83) |
| **Revenue from operations** | **785,871.92** | **516,473.35** |

**(b) Contract balances**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Contract assets - trade receivables | 90,247.54 | 115,559.36 |
| Contract liabilities - advance from customers | 1,283.27 | 689.02 |

The contract liabilities convert to revenue within one year from the reporting date.

**(c) Subsidy from Government of India on fertilizers:**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| On finished goods [including freight subsidy ₹ 17,659.97 (31 March 2021: ₹ 15,159.22)] | 355,622.91 | 116,722.00 |
| On traded goods [including freight subsidy ₹ 1,949.19 (31 March 2021: ₹ 4,422.06)] | 42,099.79 | 27,817.10 |
| | **397,722.70** | **144,539.10** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note 21: Other income**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Interest income on: | | |
| Bank deposits* | 268.09 | 10.50 |
| Income tax refund | - | 149.57 |
| Others* | 31.90 | 45.36 |
| Rent income | 276.23 | 267.38 |
| Exchange difference (net) | - | 372.70 |
| Loss allowance written back | 758.42 | 91.20 |
| Excess provision/unclaimed balances written back | 969.05 | 268.68 |
| Profit on sale of current investments | 635.85 | 23.43 |
| Gain on fair valuation of investments measured at fair value through profit or loss | 38.13 | 3.99 |
| Miscellaneous income | 949.32 | 687.79 |
| | **3,926.99** | **1,920.60** |

* Interest income calculated using effective interest method in relation to financial assets carried at amortised cost.

**Note 22: Cost of raw materials consumed**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Inventory at the beginning of the year | 37,928.44 | 34,981.23 |
| Add: Purchases | 623,200.05 | 231,497.67 |
| Inventory at the end of the year | (137,959.00) | (37,928.44) |
| Traded goods transferred from raw materials | (1,631.45) | (2,038.03) |
| Traded goods transferred to raw materials | 3,084.25 | - |
| **Cost of raw materials consumed** | **524,622.29** | **226,512.43** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note 23: Changes in inventories of finished goods, stock-in-trade and work in progress**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| **Opening stock** | | |
| - Finished goods | 13,520.24 | 35,749.81 |
| - Intermediates | 7,158.97 | 6,013.48 |
| - By-Products | 13,138.07 | 13,154.55 |
| - Traded goods | 13,079.27 | 12,524.09 |
| **Total (A)** | **46,896.55** | **67,441.93** |
| **Less: Closing stock** | | |
| - Finished goods | 24,941.42 | 13,520.24 |
| - Intermediates | 10,991.95 | 7,158.97 |
| - By-Products | 13,183.92 | 13,138.07 |
| - Traded goods | 35,650.63 | 13,079.27 |
| **Total (B)** | **84,767.92** | **46,896.55** |
| Traded goods transferred from raw materials | (1,631.45) | (2,038.03) |
| Traded goods transferred to raw materials | 3,084.25 | - |
| **Total (C)** | **1,452.80** | **(2,038.03)** |
| **(Increase)/ decrease in inventories of finished goods, stock-in trade and work-in-progress (A-B-C)** | **(39,324.17)** | **22,583.41** |

**Note 24: Employee benefits expense**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Salaries, wages and bonus | 11,166.86 | 11,256.36 |
| Contribution to provident and other funds (refer Note 32) | 900.75 | 871.63 |
| Gratuity (Refer Note 32) | 327.06 | 384.46 |
| Staff welfare expenses | 1,455.77 | 1,406.55 |
| **Total employee benefits expense** | **13,850.44** | **13,919.00** |

The Code of Social Security, 2020 ("the Code") relating to employee benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note 25: Finance costs**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Interest expense on liabilities measured at amortised cost* | 1,831.73 | 6,741.51 |
| Exchange differences to the extent considered as an adjustment to borrowing costs | 3,836.98 | 3,223.49 |
| Bank charges | 2,402.77 | 984.19 |
| Interest on income tax | 482.66 | 193.34 |
| **Total finance costs** | **8,554.14** | **11,142.53** |

* Net of amount included in the cost of qualifying assets.

**Note 26: Depreciation and amortisation expense**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Depreciation of property, plant and equipment (refer Note 4(a)) | 9,016.44 | 8,299.28 |
| Amortisation of intangible assets (refer Note 4(c)) | 28.84 | 33.09 |
| Amortisation of right of use assets (refer Note 4(a)) | 0.44 | 0.44 |
| **Total depreciation and amortisation expense** | **9,045.72** | **8,332.81** |

**Note 27: Other expenses**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Consumption of stores and spare parts | 3,497.88 | 3,663.98 |
| Consumption of packing materials | 5,304.42 | 3,501.32 |
| Chemical consumed | 2,365.54 | 1,635.42 |
| Catalysts consumed | 471.75 | 202.61 |
| Payment to contractors for bagging and other services | 4,654.62 | 3,156.16 |
| Power and fuel | 7,016.15 | 6,258.49 |
| Water charges | 696.92 | 659.47 |
| Rent [refer note (iii) below] | 261.34 | 233.38 |
| Rates and taxes | 102.53 | 49.68 |
| Insurance | 1,385.93 | 1,352.87 |
| Repairs and maintenance: | | |
| Plant and machinery | 2,710.27 | 2,454.44 |
| Buildings | 718.02 | 550.02 |
| Others | 691.22 | 474.37 |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Selling and distribution expenses: | | |
| Freight and handling | 30,116.85 | 28,696.27 |
| Warehouse rent | 333.51 | 565.67 |
| Commission | 811.22 | 1,075.32 |
| Publicity and sales promotion expenses | 780.52 | 713.04 |
| Other selling expenses | 525.21 | 394.60 |
| Travelling and conveyance expenses | 428.46 | 269.08 |
| Professional, consultancy and legal expenses | 462.74 | 417.85 |
| Corporate social responsibility expenditure | 565.77 | 502.86 |
| Donation | - | 11.87 |
| Payment to statutory auditors | 89.26 | 115.46 |
| Exchange differences (net) | 5,389.41 | - |
| Bad debts, claims and advances written off, net of provision of ₹ 301.34 (31 March 2021: ₹ 21.28) | 10.23 | - |
| Loss allowance | 2,095.78 | 764.91 |
| Loss on sale/discard of property, plant and equipment (net) | 1,289.42 | 689.90 |
| Miscellaneous expenses | 4,009.23 | 2,804.86 |
| **Total other expenses** | **76,784.20** | **61,213.90** |

| **(i) Auditors' remuneration** | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Statutory auditors | | |
| - Statutory audit | 22.00 | 22.00 |
| - Tax audit | 3.00 | 3.00 |
| - Other services | 55.00 | 86.00 |
| Reimbursement of expenses | 9.26 | 4.46 |
| | **89.26** | **115.46** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**(ii) Corporate social responsibility**

The Company has spent ₹ 565.77 for the year ended 31 March 2022 (31 March 2021: ₹ 502.86) towards various scheme of Corporate Social Responsibility as prescribed under section 135 of the Companies Act, 2013. The details are as follows:

| Particulars | ₹ in Lakhs |
|---|---|
| a. Gross amount required to be spent by the Company during the year | 565.72 |
| b (i). Amount spent during the year on construction /acquisition of any asset | - |
| b (ii). Amount spent during the year on purpose other than construction/acquisition of any asset is as below: | |
| - Skill Development and Livelihood promotion for marginalized households (Farm sector development) | 59.14 |
| - Promotion of Healthcare and WASH (Water, Sanitation and Hygiene) | 111.49 |
| - Promotion of Quality of Education and Educational Facilities in Villages | 178.92 |
| - Enhance Financial Literacy and Financial Inclusion (for women and Farmers) | 2.68 |
| - Promote Environment and Biodiversity (Clean Energy etc.) | 26.39 |
| - Promotion of Sports at Villages and School Level | 12.66 |
| - Disaster mitigation, Emergency relief support and contingency | 48.77 |
| - Women Empowerment | 7.16 |
| - Skill Development and Livelihood promotion | 16.39 |
| - Environment and Promotion of renewable energy | 6.69 |
| - Promotion of Education | 9.93 |
| - Healthcare and WASH (Focussed on Post Covid-19 Efforts) | 12.10 |
| - Support to Old age and Children with no parental care | 8.48 |
| - Disaster mitigation, Emergency relief support, contingency fund for COVID-19 Relief & Disease Preventive Measures | 64.97 |
| **Total** | **565.77** |

**(iii) Leases**

**Short-term leases**

The Company leases office which are considered to be short-term leases as the agreement is for the period of 3 years, renewable by mutual consent. These leases are cancellable at the option of both the lessor and lessee.

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Expenses relating to short-term leases | 261.34 | 233.38 |
| Total cash outflow for leases | 261.34 | 233.38 |

Lease payments for short-term leases not included in the measurement of the lease liability and are classified as cash flows from operating activities.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note 28: Earnings per share**

**A. Basic and diluted earnings per share**

| | | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|---|
| (i) | Profit for the year, attributable to the equity holders of the Company | 39,784.20 | 22,346.32 |
| (ii) | Weighted average number of equity shares - Nominal value of shares at ₹ 10 each ^ | 575,450,000 | 575,450,000 |
| (iii) | Earnings per share (Basic and Diluted) [(i)/ (ii)] | 6.91 | 3.88 |

^ The Board of Directors at their meeting held on 4 November 2020, approved the sub-division of each equity share of face value of ₹ 1,000 fully paid-up into 100 equity shares of face value of ₹ 10 each fully paid. The same was approved by the members on 01 June 2021 through e-voting.

In compliance with IND AS 33 "Earnings per share", the disclosure of earnings per share for the year ended 31 March 2021 has been arrived at after giving effect to the above sub-division.

**Note 29: Contingent liabilities (to the extent not provided for)**

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Subsidy withheld (refer Note (a) below) | 5,352.12 | 5,352.12 |
| Goods and services tax demand (refer Note (b) below) | 1,999.90 | 1,999.90 |
| Entry tax demand on imported raw materials including interest and penalty | 2,909.39 | 2,909.39 |
| Sales tax/VAT/CST demands (refer Note (c) below) | 10,589.33 | 10,589.33 |
| Central Excise demands for March 2011 | 236.91 | 234.14 |
| Service tax demand (refer note (d) below) | 134.59 | 134.59 |
| Custom duty and counterveiling duty (refer Note (e) below) | 109.97 | 109.97 |
| Income tax demands | 428.71 | 174.13 |
| Demand towards contribution to Water Conservation Fund | 2,322.50 | 2,322.50 |
| Others claims against the Company not acknowledged as debt (refer Note (f) below) | 3,308.03 | 2,815.71 |

**a) Subsidy withheld**

Department of Fertilizer, Government of India withheld the payment of subsidy on Imported DAP in one consignment amounting to ₹ 5352.12, being the subsidy amount including freight subsidy. The amount has been withheld on the basis of samples collected by the Department from Mundra Port which were reported to be deficient on account of water soluble P2O5 content as per Fertilizer Control Order (FCO) but there was no deficiency as regards to the nutrient content. The Company has represented to the Department of Fertilizers to re -examine the case on the following grounds – (a) Failure is on account of water solubility and not on account of nutrient content. The nutrient content on which the Nutrient Based Subsidy is paid meets the FCO specifications (b) Water Solubility is more than 85% of the total P2O5 (c) All precautions were taken at the load port on having an international recognized inspection agency based on which the goods were shipped and dispatched and (d) The intimation on the original sample failure as well as the referee sample failure were received long after materials were dispatched well beyond the dispatch of the material to various destinations. Based on the revised notification from GOI dated February 6, 2017, water soluble P2O5 content of DAP is revised to 39.5% instead of 41%. DAP import for which the amount withheld has water soluble content of 39.53%. Further, vide Notification no 3-9/2008 Fert Law dated 18 November 2011 in which Triple Super Phosphate (TSP) with total P2O5

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

content of 46% and water soluble content of only 36.8% has been allowed to be imported and paid subsidy for 46% of P2O5. Based on above, the Company has made a representation that as per revised notification, water soluble content is as per norms and further permitting a product with same total P2O5 and less water soluble P2O5 as standard and declaring a product imported by the Company with 39.53% as non- standard is not fair. The Company is confident to receive a favorable outcome.

**b) Goods and service tax demand**

Demand under GST Act in respect of erroneous refund of GST for the period July 2017 to January 2018 under inverted structure.

**c) Sales tax/VAT/CST demands**

Sales tax/VAT/CST demand includes the following:

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| CST demand for the FY 2005-06 due to rejection of Branch transfers and export sales | 10,420.51 | 10,420.51 |
| VAT demand for the year 2005-06 in Bihar region on account of VAT assessment | 37.69 | 37.69 |
| CST demand for Telangana for non-submission of declaration forms | 51.48 | 51.48 |
| VAT demand for Odisha due to input tax credit mismatch | 51.96 | 51.96 |
| VAT demand for Maharashtra due to input tax credit mismatch | 1.02 | 1.02 |
| CST demand for Maharashtra for non-submission of declaration forms. | 26.67 | 26.67 |
| | **10,589.33** | **10,589.33** |

**d) Service tax demands**

Service tax demands include service tax on mediation fee ₹ 45.79 for 31 March 2022 (31 March 2021: ₹ 45.79). Further it also includes service tax demad on water charges paid to State Government for the period April 16 to June 17 of ₹ 88.80 for 31 March 2022 (31 March 2021: ₹ 88.80).

**e) Custom duty and counterveiling duty**

Countervailing Duty (CVD) paid and refund claimed on MOP and Sulphuric Acid, BCD on discount received and Custom duty on demurrage.

**f) Others claims against the Company not acknowledged as debt**

It includes the following:

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Penal interest on loan from Government of India, due to delay | 344.43 | 344.43 |
| Industrial dispute and miscellaneous labour cases pending at various forums at different stages of dispute. | 480.11 | 466.23 |
| Interest on water charges due to delay in payments | 2,243.65 | 1,769.10 |
| Others | 239.84 | 235.95 |
| | **3,308.03** | **2,815.71** |

Based on discussions with the solicitors / favorable decisions in similar cases / legal opinions taken by the Company, the management believes that the Company has a good chance of success in the above mentioned cases and hence, no provision is considered necessary. The above has been compiled based on the information and records available with the Company.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**Note 30: Commitments**

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances | 68,250.97 | 14,164.08 |

**Note 31: Segment reporting**

**a. Basis of segmentation**

The Company's business activity falls within a single primary Operating Segment "Fertilizers and Other Trading Materials", and thus no further disclosures are required in accordance with Indian Accounting Standard (Ind AS)– 10 "Operating Segment".

**b. Geographic information**

The Company primarily operates in and therefore no geographical segment information has been provided herein

**Note 32: Disclosure pursuant to Indian Accounting Standard - 19 'Employee Benefits'**

**Gratuity**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on terms not lower than the amount payable under the Payment of Gratuity Act, 1976. The scheme is funded with Life insurance Corporation of India (LIC) in the form of qualifying insurance policy. The Company undertakes all the risk pertaining to the plan."

**Post Retirement medical benefit plan**

The Company has a defined benefit post retirement medical benefit plan, for its employees. The Company provides medical benefit to those employees who leave the services of the Company on retirement. As per the plan, retired employee and the spouse will be covered till the age of 85 years and the dependent children till they attain the age of 25 years. In case of death of retired employee, the spouse will be covered till the age of 85 years and the dependent children till they attain the age of 25 years. The plan is not funded by the Company.

**Provident fund**

The Company has set up provident fund trust wherein contributions are made and accordingly the same is considered as a defined benefit plan in accordance with Ind-AS 19, Employee Benefits, wherein provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan. During the current year, actuarial valuation of Provident Fund was carried out in accordance with the guidance note issued by the Institute of Actuaries.

**A. Defined contribution plan:**

The amount provided for defined contribution plans are follows:

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Pension Scheme | 135.93 | 139.62 |
| Superannuation Fund | 138.82 | 140.82 |
| National Pension Scheme | 87.48 | 74.31 |
| **Total** | **362.23** | **354.75** |

(All amounts are in ₹ lakhs, unless otherwise stated)

**B. Gratuity and other post-employment benefit plans:**

| Particulars | Ast at 31 March 2022 | Ast at 31 March 2021 |
|---|---|---|
| Gratuity Plan - (Liability) | (1,771.05) | (1,480.57) |
| Provident Fund - Asset * | 98.98 | 109.28 |
| Post retirement medical benefits plan - (Liability) | (166.03) | (63.05) |

*Plan assets has not been recognised in the financial statements, as the surplus of the trust is distributable among the beneficiaries of the provident fund trust.

**C. Other long term employee benefits:**

The amount provided for during the year is as follows:

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Leave encashment | (361.78) | 866.62 |

**D. Reconciliation of the net defined benefit (asset)/ liability**

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

**Gratuity plan:**

| Particulars | 31 March 2022 | | | 31 March 2021 | | |
|---|---|---|---|---|---|---|
| | Defined benefit obligation | Fair value of plan assets | Benefit (liability) | Defined benefit obligation | Fair value of plan assets | Benefit (liability) |
| **Balance at the beginning of the year** | (5,577.83) | 4,097.26 | (1,480.57) | (5,461.05) | 3,251.61 | (2,209.44) |
| **Included in Profit or loss** | | | | | | |
| Current service cost | (228.67) | - | (228.67) | (233.22) | - | (233.22) |
| Past service cost | - | - | - | - | - | - |
| Net interest expense/income | (370.66) | 272.28 | (98.39) | (373.82) | 222.58 | (151.24) |
| | **(599.33)** | **272.28** | **(327.06)** | **(607.04)** | **222.58** | **(384.46)** |
| **Included in OCI** | | | | | | |
| Return on plan assets (excluding amounts included in net interest expense) | - | (25.84) | (25.84) | - | 2.44 | 2.44 |
| Remeasurements loss (gain) due to experience adjustment | (27.97) | - | (27.97) | 231.39 | - | 231.39 |
| Changes in financial assumptions | 90.69 | - | 90.69 | (123.40) | - | (123.40) |
| Changes in demographic assumptions | - | - | - | - | - | - |
| | **62.72** | **(25.84)** | **36.88** | **107.99** | **2.44** | **110.43** |
| **Others** | | | | | | |
| Benefits paid | 614.55 | (614.55) | - | 379.37 | (379.37) | - |
| Contributions by employer | - | - | - | - | 1,000.00 | 1,000.00 |
| Other adjustments | (0.30) | - | (0.30) | 2.90 | - | 2.90 |
| **Balance at the end of the year** | **(5,500.19)** | **3,729.15** | **(1,771.05)** | **(5,577.83)** | **4,097.26** | **(1,480.57)** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Post retirement medical benefits plan:**

| Particulars | 31 March 2022 | | | 31 March 2021 | | |
|---|---|---|---|---|---|---|
| | Defined benefit obligation | Fair value of plan assets | Benefit (liability) | Defined benefit obligation | Fair value of plan assets | Benefit (liability) |
| **Balance at the beginning of the year** | (63.05) | - | (63.05) | (78.13) | - | (78.13) |
| **Included in Profit or loss** | | | | | | |
| Current service cost | - | - | - | - | - | - |
| Past service cost | - | - | - | - | - | - |
| Net interest expense/income | (4.18) | - | (4.18) | (5.23) | - | (5.23) |
| | **(4.18)** | **-** | **(4.18)** | **(5.23)** | **-** | **(5.23)** |
| Included in OCI | | | | | | |
| Return on plan assets (excluding amounts included in net interest expense) | - | - | - | - | - | - |
| Remeasurements loss (gain) due to experience adjustment | (101.55) | - | (101.55) | 20.58 | - | 20.58 |
| Changes in financial assumptions | 6.30 | - | 6.30 | (0.27) | - | (0.27) |
| Changes in demographic assumptions | (3.55) | - | (3.55) | - | - | - |
| | **(98.80)** | **-** | **(98.80)** | **20.31** | **-** | **20.31** |
| **Balance at the end of the year** | **(166.03)** | **-** | **(166.03)** | **(63.05)** | **-** | **(63.05)** |

**Provident Fund:**

| Particulars | 31 March 2022 | | | 31 March 2021 | | |
|---|---|---|---|---|---|---|
| | Defined benefit obligation | Fair value of plan assets | Benefit (liability) | Defined benefit obligation | Fair value of plan assets | Benefit (liability) |
| **Balance at the beginning of the year** | (21,577.98) | 21,687.26 | 109.28 | (19,124.26) | 19,351.61 | 227.35 |
| **Included in Profit or loss** | | | | | | |
| Current service cost | (575.32) | - | (575.32) | (534.34) | - | (534.34) |
| Net interest expense/income | (1,396.59) | 1,403.28 | 6.69 | (1,670.77) | 1,644.89 | (25.88) |
| Return on plan assets (excluding amounts included in net interest expense) | - | 270.73 | 270.73 | - | 20.94 | 20.94 |
| Remeasurements loss (gain) due to experience adjustment | (355.69) | - | (355.69) | (113.86) | - | (113.86) |
| Changes in financial assumptions | 77.02 | - | 77.02 | - | - | - |
| Changes in demographic assumptions | - | - | - | - | - | - |
| | **(2,250.58)** | **1,674.01** | **(576.57)** | **(2,318.97)** | **1,665.83** | **(653.14)** |
| **Others** | | | | | | |
| Benefits paid | 2,951.33 | (2,951.33) | - | 1,702.63 | (1,702.63) | - |
| Contributions by employer | - | 558.05 | 558.05 | - | 534.34 | 534.34 |
| Contributions by participants | (1,222.67) | 1,222.67 | - | (1,189.96) | 1,189.96 | - |
| Other adjustments | (50.61) | 58.83 | 8.22 | (647.42) | 648.15 | 0.73 |
| **Balance at the end of the year** | **(22,150.51)** | **22,249.49** | **98.98** | **(21,577.98)** | **21,687.26** | **109.28** |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**E. Investment pattern in plan assets:**

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | Gratuity Fund | Provident Fund | Gratuity Fund | Provident Fund |
| Investment with insurers | 100.00% | 20.20% | 100.00% | 20.40% |
| Investment in government securities | - | 41.10% | - | 40.10% |
| Investment in corporate bonds | - | 33.30% | - | 35.00% |
| Investment in mutual funds | - | 0.90% | - | 0.40% |
| Investment in special deposit scheme | - | 4.30% | - | 4.10% |
| Investment in equity shares | - | 0.20% | - | 0.00% |

**F. Economic assumptions**

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| | % | % |
| **Discount rate:** | | |
| Gratuity plan | 7.10% | 6.65% |
| Post retirement medical benefits | 7.10% | 6.65% |
| Provident Fund | 7.10% | 6.65% |
| **Future salary increase:** | | |
| Gratuity plan | 8% for first two years and 6.50% thereafter | 8% for first two years and 6.50% thereafter |

**G. Sensitivity analysis**

**Gratuity plan:**

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| **Assumption: Discount rate** | | | | |
| Sensitivity level | 1% increase | 1% decrease | 1% increase | 1% decrease |
| Impact on defined benefit obligation | (297.02) | 332.61 | (320.17) | 359.07 |
| **Assumption: Future salary increase** | | | | |
| Sensitivity level | 1% increase | 1% decrease | 1% increase | 1% decrease |
| Impact on defined benefit obligation | 246.39 | (253.94) | 281.36 | (286.48) |

**Post retirement medical benefits plan:**

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| Assumption: Discount rate | | | | |
| Sensitivity level | 1% increase | 1% decrease | 1% increase | 1% decrease |
| Impact on defined benefit obligation | (13.01) | 14.94 | (5.01) | 5.77 |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Provident Fund:**

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| Assumption: Interest rate guarantee | | | | |
| Sensitivity level | 1% increase | 1% decrease | 1% increase | 1% decrease |
| Impact on defined benefit obligation | 1,330.80 | (227.85) | 1,292.48 | (209.34) |

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Sensitivities due to mortality & withdrawals are not material and hence impact of change has not been calculated.

**H. Maturity Profile of Defined benefit obligation:**

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | Gratuity Fund | Post retirement medical benefits plan | Gratuity Fund | Post retirement medical benefits plan |
| Within next 12 months | 692.26 | 11.12 | 604.09 | 4.14 |
| Between 2 and 5 years | 3,256.91 | 48.01 | 2,947.79 | 17.84 |
| Between 6 and 10 years | 2,698.03 | 66.30 | 3,091.17 | 24.32 |
| Beyond 10 Years | 2,518.29 | 180.80 | 2,519.62 | 65.21 |

The weighted average duration of the defined benefit plan obligation relating to gratuity at the end of the reporting year is 6 years ( 31 March 2021: 6 years).

The Company expects to contribute ₹ 335.89 (31 March 2021: ₹ 292.91) and ₹ 703.43 (31 March 2021: ₹ 596.72) to gratuity trust and provident fund trust respectively in the next financial year.

**I. Risk exposure**

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary overtime. Thus, the Company is exposed to various risks in providing the above defined benefit which are as follows:

| | |
|---|---|
| Interest rate risk | The present value of defined benefit obligation is determined using the discount rate based on the market yield prevailing at the end of the reporting period on Government Bonds. A decrease in yield will increase the fund liabilities and vice-versa. |
| Investment Risk | This may arise from volatility in the assets value due to market fluctuation and impairment of assets due to credit losses. These plan assets are invested with LIC - the valuation of which is inversely proportional to the interest rate movements. |
| Inherent risk | The plan is defined benefit in nature which is sponsored by the Company and hence it underwrites all the risk pertaining to the plan. In particular, this exposes the Company, to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to longevity risk. |
| Salary escalation risk | The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability. |
| Withdrawal risk | Deviations in actual withdrawal than assumed withdrawals and change of withdrawal rates at subsequent valuation can impact plan liability. |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**Note 33: Related Party Disclosure**

**A. Name of Related Parties**

**Holding Company**

Zuari Maroc Phosphates Private Limited

**Joint Venturer of the Holding Company**

Zuari Agro Chemicals Limited

OCP S.A., Morocco

**Subsidiary of the Joint Venturer of the Holding Company**

Mangalore Chemicals and Fertilizers Limited

Zuari FarmHub Limited

**Party having significant influence**

Indian Furniture Products Limited

Zuari Global Limited

Zuari Management Services Limited

Zuari Insurance Broker Limited

Zuari Infraworld India Limited

Zuari Rotem Speciality Fertilizers Limited

Simon India Limited

Phosphates De Boucraa SA

Pakistan Maroc Phosphore

Jorf Fertilizer SA

Adventz Finance Private Limited

**Joint Venture of Joint Venturer of the Holding Company**

Indo Maroc Phosphare S.A. Morocco

**Associate of the Company**

Zuari Yoma Agri Solutions Limited (w.e.f. 15 June 2018)

**Key Managerial Personnel**

Mr. N. Suresh Krishnan, Managing Director (w.e.f. 16 February 2020)

Mr. Ranjit Singh Chugh, Chief Operating Officer (upto 31 December 2021)

Mr. Sableel Nandy, President & Chief Operating Officer (w.e.f. 1 August 2020)

Mr. Sailesh Pati, Chief Financial Officer (upto 10 August 2021)

Mr. Bijoy Kumar Biswal, Chief Financial Officer (w.e.f. 31 January 2022)

Mr. Sisir Kumar Mishra, Company Secretary (w.e.f. 9 August 2019 up to 31 August 2020)

Mr. Sachin Patil, Company Secretary (w.e.f. 4 November 2020)

**Directors**

Mr. S. K. Poddar, Chairman

Mrs. Ghislane Guedira, Director (upto 24 May 2021)

Mr. Harvinder Singh, Director - GOI- (w.e.f. 10 April 2018 up to 20 April 2020)

Mr. Mohamed Belhoussain, Director (upto 21 January 2021)

Mr. Karim Lotfi Senhadji, Director (w.e.f. 31 January 2022)

Mr. Vinay Kumar Pandey, Director – GOI (w.e.f. 20 April 2020 upto 29 July 2021)

Mr. Ujjwal Kumar, Director (w.e.f. 10 November 2021)

Ms. Kiran Dhingra, Independent Director

Mr. Marco P.A. Wadia, Independent Director

Mr. Satyananda Mishra, Independent Director (w.e.f. 4 November 2020)

Mr. Dipankar Chatterji, Independent Director (w.e.f. 3 August 2021)

Mr. Subhrakanta Panda (w.e.f. 31 January 2022)

**Enterprise where Director is interested**

Lionel India Limited

Texmaco Rail & Engineering Limited

**Employee benefit trust**

PPL Employee's Provident Fund

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**B. Transactions *:**

(All amounts are in ₹ lakhs, unless otherwise stated)

| Name of Related Party | Sl. No. | Nature of Transactions | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|---|---|
| Indo Maroc Phosphare S.A. Morocco | a) | Purchase of raw materials (Phosphoric acid) | 136,777.72 | 60,651.18 |
| | b) | Other expenses (Demurrage Expenses) | 233.04 | 168.66 |
| | c) | Other expenses (Demurrage Written back) | 0.82 | - |
| | d) | Other expenses (Claims Written off) | 6.58 | - |
| | e) | Interest | - | 30.04 |
| OCP S.A., Morocco | a) | Purchase of raw materials (Rock phosphate) | 84,098.67 | 23,031.23 |
| | b) | Purchase of raw materials (Phosphoric acid) | 25,235.90 | 33,779.44 |
| | c) | Purchase of stock-in-trade (Imported DAP) | 25,728.30 | 4,739.44 |
| | d) | Other expenses (Demurrage expenses) | 100.17 | 26.84 |
| | e) | Other expenses (Demurrage Written back) | - | 1.17 |
| | f) | Interest | - | 4.90 |
| Pakistan Maroc Phosphore SA | a) | Interest | - | 4.05 |
| Phosphates De Boucraa S.A | a) | Purchase of raw materials (Rock phosphates) | 77,048.68 | 65,845.93 |
| | b) | Other expenses (Demurrage Expenses) | 11.73 | 74.63 |
| | c) | Interest | 9.04 | 15.20 |
| Jorf Fertiliser SA | a) | Purchase of raw materials (Phosphoric acid) | - | 2,363.66 |
| | b) | Interest | - | 5.08 |
| | c) | Purchase of stock-in-trade (Imported DAP) | 65,317.70 | 19,658.16 |
| | d) | Other expenses (Demurrage Expenses) | - | 20.44 |
| Zuari Agro Chemicals Limited | a) | Sale of fertilizers and highsea sale | 1,462.55 | 3,365.52 |
| | b) | Sale of phosphoric acid and muriate of phosphate | 29,645.79 | 48,148.04 |
| | c) | Purchase of raw material for Tolling | 5,989.20 | - |
| | d) | Purchase of stock-in-trade | 21,108.05 | 30,606.07 |
| | e) | Other Expenses (Recovery of reimbursement of expenses) | 2,436.95 | 17.56 |
| | f) | Other expenses (Branding commission) | 207.96 | 536.24 |
| | g) | Other expenses (Exchange loss) | 6.94 | 20.43 |
| | h) | Other expenses (Tolling exp) | 439.99 | - |
| | i) | Other expenses (Tolling related exp) | 6.14 | - |
| Zuari FarmHub Limited | a) | Sale of fertilizers | 12,219.70 | - |
| | b) | Other Expenses (Reimbursement of expenses) | 10.28 | - |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

| Name of Related Party | Sl. No. | Nature of Transactions | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|---|---|
| Simon India Limited | a) | Purchase of fixed asset | 16.00 | - |
| | b) | Other Expenses (Reimbursement of expenses) | 68.08 | 104.65 |
| Zuari Global Limited | a) | Other Expenses (Reimbursement of expenses) | - | 215.22 |
| Zuari Management Services Limited | a) | Other Expenses (Reimbursement of expenses) | 439.78 | 519.49 |
| Mangalore Chemicals and Fertilizers Limited | a) | Sale of fertilizer and sulphuric acid | 912.95 | - |
| | b) | Purchase of stock-in-trade (fertilizers) | - | 343.90 |
| | d) | Other income (Interest income on receivable) | 1.50 | 6.86 |
| | e) | Other expenses (Branding commission) | 2.06 | - |
| | f) | Other Expenses (Reimbursement of expenses) | 0.19 | 12.54 |
| | g) | Other expenses | - | 5.82 |
| Lionel India Limited | a) | Other expenses (Purchase of air ticket) | 66.74 | 20.87 |
| Texmaco Rail & Engineering Limited | a) | Other Expenses (Reimbursement of expenses) | - | 3.95 |
| Adventz Finance Private Limited | a) | Other Expenses (Reimbursement of expenses) | 58.92 | 61.81 |
| Zuari Maroc Phosphates Private Limited | a) | Other Expenses (Reimbursement of expenses) | 270.67 | 3.67 |
| PPL Employee's Provident Fund | a) | Employee benefits expense (Contribution to provident fund) | 558.05 | 534.34 |
| Mr N Suresh Krishnan | a) | Managerial remuneration * | 384.97 | 227.21 |
| Mr Sunil Sethy | a) | Managerial remuneration * | - | 26.65 |
| Mr Ranjit Singh Chugh | a) | Remuneration * | 207.13 | 172.33 |
| Mr Sableel Nandy | a) | Remuneration * | 131.00 | - |
| Mr Sailesh Pati | a) | Remuneration * | 41.55 | 65.07 |
| Mr Bijoy Kumar Biswal | a) | Remuneration * | 10.27 | - |
| Mr Sisir Kumar Mishra | a) | Remuneration * | 1.58 | 13.31 |
| Mr Sachin Patil | a) | Remuneration * | 13.51 | 7.53 |
| Mr Kiran Dhingra | a) | Director Sitting Fee | 4.30 | 3.95 |
| Mr Marco P.A. Wadia | a) | Director Sitting Fee | 4.30 | 3.95 |
| Mr Satyananda Mishra | a) | Director Sitting Fee | 2.75 | 0.80 |
| Mr Dipankar Chatterjee | a) | Director Sitting Fee | 1.60 | - |

* The remuneration to the key managerial personnel does not include the provision made for gratuity and leave benefits as these are determined on the basis of actuarial valuation report for the Company as a whole.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**C. Balance outstanding**

| Name of Related Party | Sl. No. | Nature of Transactions | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|---|---|
| Indo Maroc Phosphare S.A. Morocco | a) | Trade payables - Purchase of raw material | 31,641.95 Cr | 7,879.42 Cr |
| | b) | Claims receivable | 3.523.59 Dr | 388.72 Dr |
| OCP S.A., Morocco | a) | Trade Payable - Purchase of raw material (net of claims settled & received) | 31,498.30 Cr | 22,867.21 Cr |
| | b) | Claims receivable | 13.501.95 Dr | 7,265.06 Dr |
| | c) | Trade payables - Reimbursement of expenses | 0.76 Dr | 0.76 Dr |
| Pakistan Maroc Phosphore SA | a) | Trade payables - Purchase of raw material | 9.06 Cr | 8.73 Cr |
| Phosphates De Boucraa S.A | a) | Trade Payables - Purchase of raw material | 12,264.45 Cr | 13,953.97 Cr |
| | b) | Claims receivable | 15,309.46 Dr | 7,975.65 Dr |
| Jorf Fertiliser SA | a) | Trade Payables - Purchase of raw material | 88.75 Cr | 85.61 Cr |
| | b) | Trade Payables - Purchase of traded material | 34,744.42 Cr | 20.44 Dr |
| | c) | Claims receivable | 248.56 Dr | 239.76 Dr |
| Zuari Yoma Agri Solutions Limited | a) | Purchase of ordinary shares | 365.60 Dr | 365.60 Dr |
| | b) | Other receivable - Reimbursement of expenses | 56.18 Dr | 56.18 Dr |
| Zuari Agro Chemicals Limited | a) | Trade receivables - Sale of fertilizers | - | 34,524.20 Dr |
| | b) | Other current assets | - | 17,541.97 Dr |
| | c) | Trade Payables - Purchase of stock-in-trade | - | 629.63 Cr |
| | d) | Trade payables - Demurrage | - | 21.68 Dr |
| | e) | Trade Payable - Discount | - | 1,168.00 Dr |
| | f) | Purchase of Goa plant | 112,632.27 Dr | - |
| | g) | Trade receivables - Bank charges(net) | - | 18.36 Dr |
| | h) | Interest receivables | - | 2,549.67 Dr |
| | i) | Trade payables - Reimbursement of expenses | - | 909.37 Cr |
| | j) | Trade payables - Branding commission | - | 1,001.98 Cr |
| | k) | Trade Payable - Exchange loss | - | 2.04 Cr |
| | l) | Trade Payable - Purchase of fertilizer | - | 7.67 Dr |
| | m) | Trade Payable - Purchase of seeds | - | 90.45 Dr |
| Zuari FarmHub Limited | a) | Trade receivables - Sale of Fertilizers | 2,502.61 Dr | 660.59 Dr |
| Simon India Limited | a) | Capital advance - Purchase of fixed asset | 24.19 Dr | 24.19 Dr |
| | b) | Retention money | 42.53 Cr | 42.53 Cr |
| | c) | Trade Payable - Reimbursement of expenses | 0.17 Dr | 15.69 Cr |
| Zuari Management Services Limited | a) | Trade Payables - Reimbursement of expenses | 47.48 Cr | 43.50 Cr |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

| Name of Related Party | Sl. No. | Nature of Transactions | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|---|---|
| Zuari Infraworld India Limited | a) | Advance to vendors - Reimbursement of expenses | 1.34 Dr | 1.34 Dr |
| Mangalore Chemicals and Fertilizers Limited | a) | Trade Payables - Purchase of fertilizer | - | 76.49 Dr |
| | b) | Interest receivables | - | 7.07 Dr |
| | c) | Trade Payables - Reimbursement of expenses | - | 12.54 Dr |
| | d) | Trade payables - Other expenses | 0.22 Cr | 1.25 Cr |
| Lionel India Limited | a) | Trade payables - Purchase of air ticket | 11.11 Cr | 2.48 Cr |
| Adventz Finance Private Limited | a) | Security deposit | 42.00 Dr | 42.00 Dr |
| Zuari Maroc Phosphates Private Limited | a) | Other receivable | 270.67 Dr | - |
| PPL Employee's Provident Fund | a) | Contribution to provident fund | 46.28 Cr | 46.36 Cr |
| Mr N Suresh Krishnan | a) | Managerial remuneration | 34.29 Cr | 39.65 Cr |
| Mr Ranjit Singh Chugh | a) | Remuneration | - | 24.59 Cr |
| Mr Sableel Nandy | a) | Remuneration | 12.53 Cr | - |
| Mr Sailesh Pati | a) | Remuneration | - | 8.24 Cr |
| Mr Bijoy Kumar Biswal | a) | Remuneration | 5.53 Cr | - |
| Mr Sisir Kumar Mishra | a) | Remuneration | - | 0.06 Cr |
| Mr Sachin Patil | a) | Remuneration | 1.51 Cr | 2.36 Cr |

**Note 34: Financial instruments - Fair value of financial assets and financial liabilities**

**(a) Accounting classifications and fair values:**

| | Fair Value Hierarchy | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|---|
| Derivative financial liabilities | Level 2 | - | 1,591.54 |
| Investments | Level 2 | 55,036.14 | 12,204.00 |
| Derivative financial assets | Level 2 | 453.37 | - |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

| Particulars | As at 31 March 2022 | | | As at 31 March 2022 | | |
|---|---|---|---|---|---|---|
| | FVTPL | FVOCI | Amortised cost* | Level 1 | Level 2 | Level 3 |
| **Current financial assets** | | | | | | |
| Trade receivables | - | - | 90,247.54 | - | - | - |
| Cash and cash equivalents | - | - | 53,784.10 | - | - | - |
| Other bank balances | - | - | 5,987.37 | - | - | - |
| Other current financial assets | | | | | | |
| Derivative financial asset | 453.37 | - | - | - | 453.37 | - |
| Claims receivable | - | - | 33,032.80 | - | - | - |
| Investments | 55,036.14 | - | - | - | 55,036.14 | - |
| Interest receivable on deposits, receivables etc | - | - | 31.34 | - | - | - |
| Other receivables from related parties | - | - | 326.85 | - | - | - |
| **Total financial assets** | **55,489.51** | **-** | **183,410.00** | **-** | **55,489.51** | **-** |
| **Financial liabilities** | | | | | | |
| **Non-current financial liabilities** | | | | | | |
| Borrowings | - | - | 52,817.08 | - | - | - |
| Other non-current financial liabilities | - | - | 286.71 | - | - | - |
| **Current financial liabilities** | | | | | | |
| Borrowings | - | - | 242,612.49 | - | - | - |
| Trade and other payables | - | - | 231,940.37 | - | - | - |
| Derivatives finacial liabilities | - | - | - | - | - | - |
| Security deposits | - | - | 3,166.26 | - | - | - |
| **Total financial liabilities** | **-** | **-** | **530,822.91** | **-** | **-** | **-** |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

| Particulars | As at 31 March 2021 | | | As at 31 March 2021 | | |
|---|---|---|---|---|---|---|
| | FVTPL | FVOCI | Amortised cost* | Level 1 | Level 2 | Level 3 |
| **Current financial assets** | | | | | | |
| Trade receivables | - | - | 115,559.36 | - | - | - |
| Cash and cash equivalents | - | - | 9,152.45 | - | - | - |
| Other bank balances | - | - | 167.32 | - | - | - |
| Other current financial assets | | | | | | |
| Claims receivable | - | - | 16,928.58 | - | - | - |
| Investments | 12,204.00 | - | - | - | 12,204.00 | - |
| Interest receivable on deposits, receivables etc | - | - | 2,607.14 | - | - | - |
| Other receivables from related parties | - | - | 56.18 | - | - | - |
| **Total financial assets** | **12,204.00** | **-** | **144,471.03** | **-** | **12,204.00** | **-** |
| **Financial liabilities** | | | | | | |
| **Non-current financial liabilities** | | | | | | |
| Borrowings | - | - | 11,341.13 | - | - | - |
| Other non-current financial liabilities | - | - | 10.05 | - | - | - |
| **Current financial liabilities** | | | | | | |
| Borrowings | - | - | 113,776.12 | - | - | - |
| Trade and other payables | - | - | 97,807.00 | - | - | - |
| Derivatives finacial liabilities | 1,591.54 | - | - | - | 1,591.54 | - |
| Security deposits | - | - | 2,800.27 | - | - | - |
| **Total financial liabilities** | **1,591.54** | **-** | **225,734.57** | **-** | **1,591.54** | **-** |

* The carrying amounts of these financial instruments are a reasonable approximation of their fair value.

The fair value of investments in mutual funds is based on the net asset value (NAV) as stated by the issuers of these mutual fund units in the published NAV statements as at the Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which the issuer will redeem such units from the investors.

The fair value of derivatives is determined using quoted forward exchange rates at the reporting date.

There has been no transfer between level 1, level 2 and level 3 during the year.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**(b) Class of the carrying amounts and fair value of the Company's financial instruments:**

| Particulars | Carrying value | | Fair value | |
|---|---|---|---|---|
| | **As at 31 March 2022** | **As at 31 March 2021** | **As at 31 March 2022** | **As at 31 March 2021** |
| Financial assets | | | | |
| Investments | 55,036.14 | 12,204.00 | 55,036.14 | 12,204.00 |
| Others: | | | | |
| Derivative financial assets | 453.37 | - | 453.37 | - |
| Total financial assets | 55,489.51 | 12,204.00 | 55,489.51 | 12,204.00 |
| Financial liabilities | | | | |
| Borrowings | | | | |
| Long term borrowings (Floating rate) | 52,817.08 | 11,341.13 | 52,817.08 | 11,341.13 |
| Others: | | | | |
| Derivative financial liabilities | - | 1,591.54 | - | 1,591.54 |
| Employee related dues | 286.71 | 10.05 | 286.71 | 10.05 |
| Total financial liabilities | 53,103.79 | 12,942.72 | 53,103.79 | 12,942.72 |

The management assessed that cash and cash equivalents, other bank balance, trade receivables, other current financial assets (except derivative financial assets), trade payables, short term borrowings and other current financial liabilities (except derivative financial liabilities) approximate their fair value largely due to the short-term maturities of these instruments.
The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**Note 35: Financial risk management objectives 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 trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also enters into derivative contracts. The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's risk management is carried out by treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks. The Board of Directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

**A 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 from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the guidelines framed by the board of directors of the Company. Guidelines broadly covers the selection criterion and over all exposure which the Company can take with a particular financial institution or bank. Further the guideline also covers the limit of overall deposit which the Company can make with a particular bank or financial institution. The Company does not maintain the significant amount of cash and deposits other than those required for its day to day operations.

**Trade receivables**

The Company receivables can be classified into two categories, one is from the customers into the market and second one is from the Government in the form of subsidy. As far as Government portion of receivables are concerned, credit risk is nil. For market receivables from the customers, 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 extension 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 low, as its customers are located in several jurisdictions and operate in largely independent markets. The Company has also taken security deposits from its customers, which mitigates the credit risk to some extent.

| Reconciliation of loss allowance on: | Trade receivables amount | Other financial assets amount |
|---|---|---|
| Balance as at 1 April 2020 | 2,826.58 | 209.79 |
| Movement during the year | 652.43 | - |
| Balance as at 31 March 2021 | **3,479.01** | **209.79** |
| Movement during the year | 1,036.02 | - |
| **Balance as at 31 March 2022** | **4,515.03** | **209.79** |

**B Liquidity risk**

The Company's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements at all times. The Company relies on a mix of borrowings and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium/ long term expansion needs. The Company monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at 31 March 2022:

| Particulars | Carrying amount | Less than 1 year | 1-5 Years | > 5 years |
|---|---|---|---|---|
| Trade payables | 227,339.87 | 227,339.87 | - | - |
| Borrowings (including current maturities of non-current borrowings) | 295,429.57 | 242,612.49 | 52,817.08 | - |
| Other financial liabilities | 8,053.47 | 7,766.76 | 286.71 | - |
| **Total** | **530,822.91** | **477,719.12** | **53,103.79** | **-** |

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at 31 March 2021:

| Particulars | Carrying amount | Less than 1 year | 1-5 Years | > 5 years |
|---|---|---|---|---|
| Trade payables | 93,953.17 | 93,953.17 | - | - |
| Borrowings (including current maturities of non-current borrowings) | 125,117.25 | 113,776.12 | 11,341.13 | - |
| Other financial liabilities | 8,255.69 | 8,255.69 | - | - |
| **Total** | **227,326.11** | **215,984.98** | **11,341.13** | **-** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## C 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 commodity risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant. The analysis exclude the impact of movements in other market variables. Refer sensitivity analyses below.

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 31 March 2022 and 31 March 2021.

### (a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

**Sensitivity analysis**

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates of various currencies with INR, with all other variables held constant. The impact on the Company's profit before tax and equity is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. Refer Note 37 for details on foreign currency exposure.

| Particulars | Profit and loss | |
|---|---|---|
| | As at 31 March 2022 | As at 31 March 2021 |
| INR/USD strengthening [5% movement] | (2,512.15) | (1,550.13) |
| INR/USD weakening [5% movement] | 2,512.15 | 1,550.13 |
| INR/EURO strengthening [5% movement] | (361.37) | - |
| INR/EURO weakening [5% movement] | 361.37 | - |

### (b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages fund requirements and performs sensitivity analysis to keep interest rate risk within limits.

**Sensitivity analysis**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax and equity is affected through the impact on floating rate borrowings, as follows:

| Particulars | Profit and loss | |
|---|---|---|
| | As at 31 March 2022 | As at 31 March 2021 |
| **INR Borrowings** | | |
| Variable rate instruments - increase by 50 basis points | (478.02) | (94.75) |
| Variable rate instruments - decrease by 50 basis points | 478.02 | 94.75 |
| **Foreign Currency Borrowings-USD** | | |
| Variable rate instruments - increase by 50 basis points | (999.13) | (530.84) |
| Variable rate instruments - decrease by 50 basis points | 999.13 | 530.84 |

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**(c) Commodity price risk**

The Company's operating activities require the ongoing purchase of rock phosphates, phosphoric acid, sulphur and mauratic potash. All being international commodities is subject to price fluctuation on account of the change in the demand supply pattern and exchange rate fluctuations. The Company is not affected by the price volatility of the raw materials as government on a time to time basis, revises the subsidy rates payable to the fertilizer industry based on the market trend.

**Note 36: Capital management**

For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital keeping in view the adequate interest and debt service coverage ratio.

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 year.

**Note 37: Unhedged foreign currency exposure**

(a) Forward contract outstanding as at 31 March 2022, against import of goods is ₹ 305,346.85 (31 March 2021: ₹ 123,889.36).

(b) Details of un-hedged foreign currency exposure as on the Balance Sheet date are as follows:

| | As at 31 March 2022 | | | As at 31 March 2021 | | |
|---|---|---|---|---|---|---|
| | (USD in million) | (EURO in million) | (₹ In lakhs) | (USD in million) | (EURO in million) | (₹ In lakhs) |
| **Liabilities:** | | | | | | |
| Trade Payable and Creditors for Property Plant and Equipment (including acceptance) | 100.32 | 8.58 | 83,266.02 | 38.46 | - | 28,121.66 |
| Short term borrowings- Buyers and Suppliers Credit | 9.26 | - | 7,019.06 | 26.60 | - | 19,448.37 |
| Other Interest accrued but not due on borrowings | 0.29 | - | 218.08 | 0.09 | - | 67.86 |
| **Assets:** | | | | | | |
| Claims receivable | 43.58 | - | 33,032.80 | 22.75 | - | 16,635.37 |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note 38: Reconciliation of liabilities from financing activities.**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Balance at the beginning of the year | | |
| - Non-current borrowings | 11,341.13 | 13,942.24 |
| - Current borrowings | 113,776.12 | 215,852.78 |
| Cash flows | | |
| - Proceeds/(Repayment) of non-current borrowings | 50,636.76 | (3,000.00) |
| - Proceeds/(Repayment) of current borrowings | 112,249.38 | (97,624.85) |
| Non-cash changes - represents foreign exchange fluctuation and unwinding of interest | 7,426.18 | (4,052.92) |
| Balance at the end of the year | | |
| - Non-current borrowings | 52,817.08 | 11,341.13 |
| - Current borrowings | 242,612.49 | 113,776.12 |

**Note 39**

a) The Company, in an earlier year, had received an Arbitration Award in its favour in the matter of Cargo Charges Tariff dispute with Paradeep Port Trust (PPT) for the years 1993–1999. PPT in earlier year had appealed with the higher authorities against such award which was confirmed by the Appellate Authority. However, as against the above order, the PPT went into further appeal with the Hon'ble High Court of Odisha and the High Court in its interim order directed the Company not to execute award at this stage. The Company has not recognized this award as income in the Statement of Profit and Loss.

b) Paradeep Port Trust (PPT) proposed a revision in scale of rates applicable to the Company for cargo handling in the captive berth w.e.f. 1 April 1999. The matter was referred to Tariff Authority of Major Ports (TAMP) on mutual consent of the parties under the direction of Hon'ble High Court of Odisha. During the previous year, TAMP had finalized the rates, but PPT had not agreed with the order and proceeded with a writ petition before the Hon'ble High Court of Odisha against the said order. Pending disposal of the case, the Company has not recognized the amount receivable from PPT towards the excess amount paid over the applicable TAMP order.

**Note 40**

During the year, a sum of ₹ 112.46 (31 March 2021: ₹ 151.28) including capital expenditure of ₹ 0.76 (31 March 2021: ₹ 59.02) was spent on research and development (excluding depreciation charge).

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**Note 41 : Analytical ratios**

| Ratio | Numerator | Denominator | Current year | Previous year | % change |
|---|---|---|---|---|---|
| Current ratio (in times) | Total current assets | Total current liabilities | 1.02 | 1.24 | -18% |
| Debt-Equity ratio (in times) (Note a) | Total borrowings | Total equity | 1.33 | 0.68 | 94% |
| Debt service coverage ratio (in times) | Earning for Debt Service = Profit for the year + Interest expenses + Depreciation and amortisation expenses + Other non-cash adjustments | Debt service = Interest + Principal repayments | 2.79 | 2.66 | 5% |
| Return on equity ratio (in %) (Note b) | Profit for the year | Average total equity | 19.63% | 13.02% | 51% |
| Inventory turnover ratio (in times) | Revenue from operations | Average inventory | 4.92 | 5.22 | -6% |
| Trade receivables turnover ratio (in times) (Note c) | Revenue from operations | Average trade receivables | 7.35 | 3.06 | 140% |
| Trade payables turnover ratio (in times) | Purchase of raw materials and traded goods | Average trade payables | 4.77 | 4.23 | 13% |
| Net capital turnover ratio (in times) (Note d) | Revenue from operations | Average working capital (i.e. Total current assets less Total current liabilities) | 24.20 | 10.27 | 136% |
| Net profit ratio (in %) | Profit for the year | Revenue from operations | 5.07% | 4.33% | 17% |
| Return on capital employed (in %) | Profit before tax and finance costs | Capital employed = Tangible Net worth + Total debt + Deferred tax liabilities | 11.76% | 15.08% | -22% |
| Return on investment (in %) (Note e) | Income generated from invested funds | Average investments | 2.00% | 0.45% | 346% |

**Notes:**

a The % change is primarily on account of increase in borrowings during the year.

b The % change is primarily on account of higher profits earned during the year.

c The % change is primarily on account of better collection from trade receivables during the year.

d The % change is primarily on account of better working capital management aided by better collection from the customers during the year.

e The % change is primarily on account of better return from investments during the year.

**Note 42**

a) The Company, has not entered into any transactions with struck off companies, during the year ended 31 March 2022 (previous year ended 31 March 2021).

b) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Further, no funds that have been received by the Company from any person(s) or entity(is), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**Note 43**

The Company, as on 1 March 2021, had entered into a Business Transfer Agreement ('BTA') with Zuari Agro Chemicals Limited for acquisition of Goa plant and allied business of Zuari Agro Chemicals Limited (ZACL) on a slump sale basis. Pursuant to the BTA, the Company advanced ₹ 112,632.27 lakhs (including receivable of ₹ 72,732.27 lakhs) which is proposed to be adjusted against the purchase consideration payable to ZACL on consummation of the BTA.

**Note 44**

The Company has considered the possible risk that may result from the pandemic relating to COVID-19 and expects to recover the carrying amount of all its assets including inventories, receivables, investments and other financial and non-financial assets in the ordinary course of business based on internal and external information available upto the date of these financial results. The Company is continuously monitoring any material changes in future economic conditions.

**Note 45:** The Standalone Financial Statements were approved for issue by the board of directors on 28 May 2022.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

**Jayanta Mukhopadhyay**
Partner
Membership No: 055757

Place: Mumbai
Date:- 28 May 2022

For and on behalf of the Board of Directors of
**Paradeep Phosphates Limited**
CIN: U24129OR1981PLC001020

**N. Suresh Krishnan**
Managing Director
DIN: 00021965

Place: Mumbai
Date:- 28 May 2022

**S.K. Poddar**
Chairman
DIN: 00008654

Place: Dubai
Date:- 28 May 2022

**Sachin Patil**
Company Secretary

Place: Mumbai
Date:- 28 May 2022

**Bijoy Kumar Biswal**
Chief Financial Officer

Place: Mumbai
Date:- 28 May 2022

# INDEPENDENT AUDITOR'S REPORT

**To the Members of Paradeep Phosphates Limited**

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the consolidated financial statements of Paradeep Phosphates Limited (hereinafter referred to as the "Company") and its associate, which comprise the consolidated balance sheet as at 31 March 2022, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 Company and its associate as at 31 March 2022 of its consolidated profit and other comprehensive loss, consolidated changes in equity and consolidated cash flows for the year then ended.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Description of Key Audit Matter**

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| **Recognition and recoverability of subsidy revenue (refer notes 8 and 20 to the Consolidated Financial Statements)**<br><br>The Company recognizes the subsidy revenue from the Department of Fertilisers, Government of India ('GoI'). The revenue is recognised as per Nutrient Based Subsidy Policy ('NBS Policy') for Phosphatic and Potassic fertilisers at the time of sale of goods to its customers.<br><br>Subsidy revenue is recognized on the basis of rates notified from time to time by the Department of Fertilisers, Government of India in accordance with NBS Policy. It is recognised on the quantity of fertilisers sold by the Company. Further, recognition and realisability of subsidy income is subject to various conditions as per the GoI Policy. During the year, the Company has earned ₹ 397,722.70 lakhs from subsidy revenue and balance recoverable as at 31 March 2022 is ₹ 87,555.69 lakhs.<br><br>In view of the significance of subsidy revenue and significant judgements involved around the interpretation and satisfaction of conditions specified in GoI policy, we have considered recognition and recoverability of subsidy income as a key audit matter. | **In view of the significance of the matter, we performed the following procedures:**<br><br>• Evaluated the design, implementation and operating effectiveness of internal controls for recognition and recoverability of subsidy revenue.<br><br>• Read the relevant notifications and circulars issued by the GoI from time to time with regard to subsidy policies.<br><br>• Tested the NBS rates considered by the Company for the product subsidy with the applicable circulars and notifications.<br><br>• Reconciled the sales quantity considered for subsidy revenue with the actual sales made by the Company.<br><br>• Evaluated the Company's assessment regarding compliances with relevant conditions as specified in the notifications and policies relating to subsidy.<br><br>• Understood and challenged the basis of judgements made in relation to the relevant notifications/circulars including past precedence and subsequent evidence, as applicable.<br><br>• For evaluating the recoverability of receivables, tested the ageing analysis and assessed the information used to determine the recoverability of receivables by considering the historical trends and subsequent collections. |

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

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Board of Directors' report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done, 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.

**Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements**

The Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Company and its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the Company and of its associate, are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the Company and of its associate are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Company and of its associate are responsible for overseeing the financial reporting process of each company.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

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

**Other Matters**

The consolidated financial statements also include the Company's share of net profit (and other comprehensive income) of ₹ 0.68 lakhs for the year ended 31 March 2022, as considered in the consolidated financial statements, in respect of one associate, whose financial information have not been audited by us or by other auditors. The unaudited financial information has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the associate, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, the financial information is not material to the Company.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to the financial statements certified by the Management.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2 (A) As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

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

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

   c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Company as on 31 March 2022 taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

a) The consolidated financial statements disclose the impact of pending litigations as at 31 March 2022 on the consolidated financial position of the Company and its associate. Refer Note 29 to the consolidated financial statements.

b) The Company and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2022.

c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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

(iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.

C. The Company has neither declared nor paid any dividend during the year.

D. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

**For B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

**Jayanta Mukhopadhyay**
Partner
Membership Number: 055757
UDIN: 22055757AJUFJW5192

Place: Mumbai
Date: 28 May 2022

# ANNEXURE A

**to the Independent Auditor's Report on the consolidated financial statements of Paradeep Phosphates Limited for the year ended 31 March 2022**

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

The information as required to be furnished under Clause 3(xxi) of paragraph 3 of the Companies (Auditor's Report) Order, 2020 are as follows:

| Sr. No. | Name of the entities | CIN | Company/ Associate | Clause number of the CARO report which is unfavourable or qualified or adverse |
|---|---|---|---|---|
| 1 | Paradeep Phosphates Limited | U24129OR1981PLC001020 | Company | (i)(c), (ii)(b) |

**For B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

**Jayanta Mukhopadhyay**
Partner
Membership Number: 055757
UDIN: 22055757AJUFJW5192

Place: Mumbai
Date: 28 May 2022

# ANNEXURE B

**to the Independent Auditors' report on the consolidated financial statements of Paradeep Phosphates Limited for the year ended 31 March 2022**

**Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

(Referred to in paragraph A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

## Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2022, we have audited the internal financial controls with reference to consolidated financial statements of Paradeep Phosphates Limited (hereinafter referred to as "the Company"), as of that date.

In our opinion, the Company, has, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

## Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

## Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 with reference to consolidated financial statements.

## Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

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

**Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements**

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

**For B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

**Jayanta Mukhopadhyay**
Partner
Membership Number: 055757
UDIN: 22055757AJUFJW5192

Place: Mumbai
Date: 28 May 2022

# CONSOLIDATED BALANCE SHEET
as at 31 March 2022

(All amounts are in ₹ lakhs, unless otherwise stated)

| | Notes | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **I. Non-current assets** | | | |
| (a) Property, plant and equipment | 4(a) | 125,973.84 | 122,510.42 |
| (b) Capital work-in-progress | 4(b) | 33,629.46 | 22,005.97 |
| (c) Intangible assets | 4(c) | 86.23 | 110.55 |
| (d) Equity accounted investment | 5(a) | 289.43 | 278.52 |
| (e) Other income tax assets | | 1,236.50 | 1,246.99 |
| (f) Other non-current assets | 6 | 118,276.53 | 2,321.36 |
| **Total non-current assets** | | **279,491.99** | **148,473.81** |
| **II. Current assets** | | | |
| (a) Inventories | 7 | 229,322.24 | 89,905.36 |
| (b) Financial assets | | | |
| (i) Investments | 5(b) | 55,036.14 | 12,204.00 |
| (ii) Trade receivables | 8 | 90,247.54 | 115,559.36 |
| (iii) Cash and cash equivalents | 9(a) | 53,784.10 | 9,152.45 |
| (iv) Bank balances other than (iii) above | 9(b) | 5,987.37 | 167.32 |
| (v) Other financial assets | 10 | 33,844.36 | 19,591.90 |
| (c) Other current assets | 6 | 45,080.39 | 47,238.04 |
| (d) Assets classified as held for sale | 11 | 23.96 | 24.32 |
| **Total current assets** | | **513,326.10** | **293,842.75** |
| **Total assets (I+II)** | | **792,818.09** | **442,316.56** |
| **EQUITY AND LIABILITIES** | | | |
| **I. Equity** | | | |
| (a) Equity share capital | 12 | 57,545.00 | 57,545.00 |
| (b) Other equity | 13 | 164,954.74 | 125,205.97 |
| **Total equity** | | **222,499.74** | **182,750.97** |
| **II. Liabilities** | | | |
| **(1) Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 14(a) | 52,817.08 | 11,341.13 |
| (ii) Other financial liabilities | 15 | 286.71 | 10.05 |
| (b) Provisions | 16 | 2,654.83 | 1,974.99 |
| (c) Deferred tax liabilities (net) | 17 | 9,218.11 | 9,301.23 |
| **Total non-current liabilities** | | **64,976.73** | **22,627.40** |
| **(2) Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 14(b) | 242,612.49 | 113,776.12 |
| (ii) Trade payables | 18 | | |
| - Total outstanding dues of micro enterprises and small enterprises | | 818.76 | 625.56 |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | | 226,521.11 | 93,327.61 |
| (iii) Other financial liabilities | 15 | 7,766.76 | 8,245.64 |
| (b) Other current liabilities | 19 | 14,900.85 | 12,638.96 |
| (c) Provisions | 16 | 7,524.57 | 8,301.55 |
| (d) Current tax liabilities | | 5,197.08 | 22.75 |
| **Total current liabilities** | | **505,341.62** | **236,938.19** |
| **Total liabilities (1+2)** | | **570,318.35** | **259,565.59** |
| **Total equity and liabilities (I+II)** | | **792,818.09** | **442,316.56** |
| Significant accounting policies | 2 | | |

The accompanying notes form an integral part of these consolidated financial statements.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

**Jayanta Mukhopadhyay**
Partner
Membership No: 055757

Place: Mumbai
Date:- 28 May 2022

For and on behalf of the Board of Directors of
**Paradeep Phosphates Limited**
CIN: U24129OR1981PLC001020

**N. Suresh Krishnan**
Managing Director
DIN: 00021965

Place: Mumbai
Date:- 28 May 2022

**S.K. Poddar**
Chairman
DIN: 00008654

Place: Dubai
Date:- 28 May 2022

**Sachin Patil**
Company Secretary

Place: Mumbai
Date:- 28 May 2022

**Bijoy Kumar Biswal**
Chief Financial Officer

Place: Mumbai
Date:- 28 May 2022

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS
for the year ended 31 March 2022

(All amounts are in ₹ lakhs, unless otherwise stated)

| | | Notes | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|---|---|
| | **Income** | | | |
| **I.** | Revenue from operations | 20 | 785,871.92 | 516,473.35 |
| **II.** | Other income | 21 | 3,926.99 | 1,920.60 |
| **III.** | **Total income (I+II)** | | **789,798.91** | **518,393.95** |
| **IV.** | Expenses | | | |
| | Cost of raw materials consumed | 22 | 524,622.29 | 226,512.43 |
| | Purchase of traded goods | | 142,828.18 | 138,020.07 |
| | Changes in inventories of finished goods, stock-in-trade and work in progress | 23 | (39,324.17) | 22,583.41 |
| | Employee benefits expense | 24 | 13,850.44 | 13,919.00 |
| | Finance costs | 25 | 8,554.14 | 11,142.53 |
| | Depreciation and amortisation expense | 26 | 9,045.72 | 8,332.81 |
| | Other expenses | 27 | 76,784.20 | 61,213.90 |
| | **Total expenses (IV)** | | **736,360.80** | **481,724.15** |
| **V.** | **Profit before share of equity accounted investee and tax (III-IV)** | | **53,438.11** | **36,669.80** |
| **VI.** | Share of net profit/(loss) of associate accounted for using the equity method (net of tax) | | 61.12 | (19.50) |
| **VII.** | **Profit before tax (V+VI)** | | **53,499.23** | **36,650.30** |
| **VIII.** | **Tax expense** | | | |
| | - Current tax | 17 | 13,721.45 | 7,267.94 |
| | - Income tax credit for the earlier years (net) | 17 | - | (13.36) |
| | - Deferred tax charge/(credit) | 17 | (67.54) | 7,068.90 |
| | **Total tax expense** | | **13,653.91** | **14,323.48** |
| **IX.** | **Profit for the year (VII-VIII)** | | **39,845.32** | **22,326.82** |
| **X.** | **Other comprehensive income / (loss)** | | | |
| | **A Items that will be reclassified to profit or loss** | | | |
| | a) Exchange differences on translation of foreign operations | | (50.21) | (14.24) |
| | **B Items that will not be reclassified to profit or loss** | | | |
| | a) Remeasurement gain/(loss) of the defined benefit plans | | (61.92) | 130.74 |
| | b) Income tax on above | 17 | 15.58 | (45.69) |
| | **Total other comprehensive (loss)/income for the year** | | **(96.55)** | **70.81** |
| **XI.** | **Total comprehensive income for the year (VII + VIII)** | | **39,748.77** | **22,397.63** |
| **XII.** | **Earnings per equity share (nominal value of ₹ 10 each)** | | | |
| | Basic [in ₹ ] | 28 | 6.91 | 3.88 |
| | Diluted [in ₹ ] | 28 | 6.91 | 3.88 |

The accompanying notes form an integral part of these standalone financial statements.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

**Jayanta Mukhopadhyay**
Partner
Membership No: 055757

Place: Mumbai
Date:- 28 May 2022

For and on behalf of the Board of Directors of
**Paradeep Phosphates Limited**
CIN: U24129OR1981PLC001020

**N. Suresh Krishnan**
Managing Director
DIN: 00021965

Place: Mumbai
Date:- 28 May 2022

**S.K. Poddar**
Chairman
DIN: 00008654

Place: Dubai
Date:- 28 May 2022

**Sachin Patil**
Company Secretary

Place: Mumbai
Date:- 28 May 2022

**Bijoy Kumar Biswal**
Chief Financial Officer

Place: Mumbai
Date:- 28 May 2022

# CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2022

(All amounts are in ₹ lakhs, unless otherwise stated)

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| **A. Cash flows from operating activities** | | |
| **Profit before tax** | 53,499.23 | 36,650.30 |
| Adjustments for | | |
| Depreciation and amortisation expense | 9,045.72 | 8,332.81 |
| Finance costs | 6,151.37 | 10,158.34 |
| Interest income | (299.99) | (55.86) |
| Profit on sale of current investments | (635.85) | (23.43) |
| Gain on fair valuation of investments measured at fair value through profit or loss | (38.13) | (3.99) |
| Loss on sale / discard of property,plant and equipment (net) | 1,289.42 | 689.90 |
| Loss allowance | 2,095.78 | 764.91 |
| Bad debts, claims and advances written off | 10.23 | - |
| Unspent liabilities/provision no longer required written back | (1,727.47) | (359.88) |
| Foreign exchange fluctuation loss unrealized (net) | 3,922.46 | 2,400.17 |
| Share of (profit)/loss from associate | (61.12) | 19.50 |
| **Operating cash flow before working capital changes** | **73,251.65** | **58,572.77** |
| **Changes in working capital** | | |
| (Increase)/decrease in inventories | (139,416.88) | 17,948.45 |
| (Increase)/decrease in trade receivables | (10,627.34) | 98,565.79 |
| Increase in financial and other assets | (51,707.35) | (33,083.24) |
| Increase in trade payables and other current liabilities | 132,807.79 | 15,688.45 |
| (Decrease)/increase in provisions | (143.48) | 135.21 |
| **Cash generated from operating activities** | **4,164.39** | **157,827.43** |
| Less: Income taxes paid (net of refunds) | (8,552.21) | (7,712.66) |
| **Net cash generated from/(used in) operating activities (A)** | **(4,387.82)** | **150,114.77** |
| **B. Cash flows from investing activities** | | |
| Proceeds from sale of property, plant and equipment | 38.40 | 11.04 |
| Acquisition of property, plant and equipment, including capital work in progress, capital advances and capital creditors | (62,022.19) | (16,883.28) |
| Investments in current investments - mutual funds | (537,889.63) | (76,004.00) |
| Proceeds from sale of current investments - mutual funds | 495,731.47 | 63,827.42 |
| Interest received | 326.12 | 58.52 |
| Proceeds from/(investment in) deposits with maturity of more than three months | (6,062.09) | 57.87 |
| **Net cash used in investing activities (B)** | **(109,877.92)** | **(28,932.43)** |
| **C. Cash flows from financing activities** | | |
| Proceeds from non-current borrowings | 57,247.95 | 6,878.77 |
| Repayment of non-current borrowings | (6,611.19) | (9,878.77) |
| Proceeds from current borrowings | 568,106.27 | 627,200.75 |
| Repayment of current borrowings | (455,856.89) | (724,825.60) |
| Interest paid | (3,988.75) | (11,813.59) |
| **Net cash generated from/(used in) financing activities (C)** | **158,897.39** | **(112,438.44)** |
| **Net increase/(decrease) in cash and cash equivalents (A+B+C)** | **44,631.65** | **8,743.90** |
| **Cash and cash equivalents at the beginning of the year** | 9,152.45 | 408.55 |
| **Cash and cash equivalents at the end of the year (refer Note 9(a))** | **53,784.10** | **9,152.45** |

The cashflow from operating activities in the above consolidated statement of cash flows has ben prepared under the indirect method as set out in Ind AS 7 Statement of Cash Flows.

The accompanying notes form an integral part of these consolidated financial statements.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

**Jayanta Mukhopadhyay**
Partner
Membership No: 055757

Place: Mumbai
Date:- 28 May 2022

For and on behalf of the Board of Directors of
**Paradeep Phosphates Limited**
CIN: U24129OR1981PLC001020

**N. Suresh Krishnan**
Managing Director
DIN: 00021965

Place: Mumbai
Date:- 28 May 2022

**S.K. Poddar**
Chairman
DIN: 00008654

Place: Dubai
Date:- 28 May 2022

**Sachin Patil**
Company Secretary

Place: Mumbai
Date:- 28 May 2022

**Bijoy Kumar Biswal**
Chief Financial Officer

Place: Mumbai
Date:- 28 May 2022

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
**for the year ended 31 March 2022**

(All amounts are in ₹ lakhs, unless otherwise stated)

**(a) Equity share capital**

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | Number of shares | Amount | Number of shares | Amount |
| **Balance at the beginning of the year** | 575,450,000 | 57,545.00 | 5,754,500 | 57,545.00 |
| Changes in equity share capital during the year | - | - | - | - |
| **Balance at the end of the year** | **575,450,000** | **57,545.00** | **5,754,500** | **57,545.00** |

**(b) Other equity**

| Particulars | As at 31 March 2022 | | | As at 31 March 2021 | | |
|---|---|---|---|---|---|---|
| | Foreign Currency Translation Reserve | Retained earnings | Total other equity | Foreign Currency Translation Reserve | Retained earnings | Total other equity |
| Balance at the beginning of the year | 24.24 | 125,181.73 | 125,205.97 | 38.48 | 102,769.86 | 102,808.34 |
| Profit for the year | - | 39,845.32 | 39,845.32 | - | 22,326.82 | 22,326.82 |
| Other comprehensive income for the year * | (50.21) | (46.34) | (96.55) | (14.24) | 85.05 | 70.81 |
| Total comprehensive income for the year | (50.21) | 39,798.98 | 39,748.77 | (14.24) | 22,411.87 | 22,397.63 |
| Balance at the end of the reporting year | (25.97) | 164,980.71 | 164,954.74 | 24.24 | 125,181.73 | 125,205.97 |

* Other comprehensive income included under retained earnings represents remeasurement of defined benefit plans (net of tax).

The accompanying notes form an integral part of these consolidated financial statements.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

**Jayanta Mukhopadhyay**
Partner
Membership No: 055757

Place: Mumbai
Date:- 28 May 2022

For and on behalf of the Board of Directors of
**Paradeep Phosphates Limited**
CIN: U24129OR1981PLC001020

**N. Suresh Krishnan**
Managing Director
DIN: 00021965

Place: Mumbai
Date:- 28 May 2022

**S.K. Poddar**
Chairman
DIN: 00008654

Place: Dubai
Date:- 28 May 2022

**Sachin Patil**
Company Secretary

Place: Mumbai
Date:- 28 May 2022

**Bijoy Kumar Biswal**
Chief Financial Officer

Place: Mumbai
Date:- 28 May 2022

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Corporate and General Information**

Paradeep Phosphates Limited ('the Company') is a public company domiciled and headquartered in Bhubaneswar, India. Zuari Agro Chemicals Limited (ZACL) holds 40.23% of equity shares of Paradeep Phosphates Limited ('the Company') through its joint venture Zuari Maroc Phosphates Private Limited (ZMPPL) and is its largest shareholder alongwith OCP S.A.. PPL and ZACL have certain directors in common. It is incorporated under the Companies Act, 1956. The Company is primarily engaged in the manufacture of Di-Ammonium Phosphate (DAP), Complex Fertilizers of NPK grades, and Zypmite (Gypsum based product) having its manufacturing facility at the port town of Paradeep, District Jagatsinghpur, Odisha. The Company is also involved in trading of fertilizers, ammonia, neutralized phospo gypsum, micronutrient and other materials. The Company caters to the demands of farmers all over the country through its "Navratna" brand of fertilizers. The Company has one associate incorporated in Myanmar under the name of Zuari Yoma Agri Solutions Limited.

**1. Basis of preparation**

(a) These financial statements are prepared in accordance with Indian Accounting Standards (IND AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values notified under the provisions of the Companies Act 2013 ("the Act") to the extent applicable. The Company has prepared these financial statements to comply in all material respects with the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 ("the Act"), read with Rule 3 of the Companies (Indian Accounting Standards), Rule, 2015 and relevant amendment rules issued thereafter.

The accounting policies have been consistently applied to all the years except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy.

(b) These Consolidated Financial Statements are presented in Indian Rupees ("₹"), which is also the Company's functional and presentation currency. All amounts have been rounded off to the nearest lakhs, unless otherwise indicated.

**2.(a) Basis of consolidation**

The Consolidated Financial Statements incorporate the Financial Statements of the Company and its associate. Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of all the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. year ended March 31,2022.

Investment in associate is accounted for using equity method of accounting, after initially being recognized at cost. Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses of the investee in profit or loss and the Company's share of other comprehensive income of the investee in other comprehensive income. When the Company's share of losses in an equity accounted investment equals or exceeds its interest in the entity, the Company does not recognize further losses, unless it has incurred obligations on behalf of the other entity.

Unrealised gains on transactions between the Company and its associate are eliminated to the extent of the Company's interest in the entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The carrying amount of equity accounted investments are tested for impairment.

The details of associate included in these consolidated financial statements are as under:

| Name of associate | Ownership interest | Country of Incorporation |
|---|---|---|
| Zuari Yoma Agri Solutions Limited | 50% | Myanmar |

**2.(b) Significant accounting policies**

**(i) Classification of assets and liabilities into current/non-current**

Assets and Liabilities in the balance sheet have been classified as either current or non-current.

An asset has been classified as current if (a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is expected to be realized within twelve months after the reporting date; or (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for at least twelve months after the reporting date. All other assets have been classified as non-current.

A liability has been classified as current when (a) it is expected to be settled in the Company's normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is due to be settled within twelve months after the reporting date; or (d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. All other liabilities have been classified as non-current.

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

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

**(ii) Property, plant and equipment**

Property, plant and equipment (PPE) are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, freight, duties, taxes, borrowing costs, if recognition criteria are met, and any directly attributable cost incurred to bring the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. 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 profit or loss as incurred. Replaced assets held for disposal are stated at lower of their carrying amount and fair value less costs to sell, and depreciation on such assets ceases and shown under "Assets held for sale".

Items of stores and spares that meet the definition of PPE are capitalized at cost. Otherwise, such items are classified as inventories.

Gains or losses arising from derecognition of the assets 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 and loss when the asset is derecognized.

**Expenditure on new projects and substantial expansion**

Expenditure directly relating to construction activity is capitalized. Other indirect expenditure incurred during the construction period which are not related to the construction activity nor are incidental thereto are charged to the statement of profit and loss. Income earned during construction period, if any, is deducted from the total of the indirect expenditure.

**(iii) Depreciation on property, plant and equipment**

a. Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the Management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The Company has used the following useful life to provide depreciation on its property, plant and equipment based on technical evaluation done.

| Class of Assets | Useful Lives estimated by the management (Years) |
|---|---|
| Buildings | 30/60 |
| Roads and culverts | 3 to 5 |
| Plants and equipments (Continuous process plant) | 25 |
| Plant and equipments (Non continuous process)* | 5 to 20 |
| Furniture, Fixtures & fittings* | 2 to 10 |
| Vehicles | 8 |
| Office equipments | 3 to 6 |
| Railway siding | 15 |

* Useful lives are different to the lives prescribed under Schedule II to the Companies Act, 2013.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate component of property, plant and equipment. These are estimated by the management supported by independent assessment by professionals.

b. Premium on land held on leasehold basis considered as Right of Use Asset is amortized over the period of lease.

c. The classification of plant and machinery into continuous and non-continuous process is done as per technical certification by the management and depreciation thereon is provided accordingly.

d. The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**(iv) Intangible assets and amortisation**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets with finite lives are amortised on a straight line basis over the estimated useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least once at the end of each reporting period. If the expected useful life of the asset is different from previous estimates, the amortization period is changed accordingly. If there has been a change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with Ind AS-8 "Accounting Policies, Changes in Accounting Estimates and Errors".

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 and loss when the asset is derecognized.

The following are the acquired intangible assets:

Software:

The management of the Company assessed the useful life of software as finite and cost of software is amortized over their estimated useful life of three years on straight line basis.

**(v) Impairment of Non-Financial Assets**

The Company assesses at each reporting date whether there is an indication that an asset (except inventories and deferred tax assets) 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. Value in use is based on the estimated future cash flows, 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 CGU (or the asset).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 groups of assets. Where 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.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**(vi) Leases**

At inception of the contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract coveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves use of an identified asset, whether specified explicitly or implicitly;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- The Company has right to direct the use of the asset by either having right to operate the asset or the Company having designed the asset in a way that predetermines how and for what purpose it will be used.

**Accounting as a lessee**

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated using straight line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of lease term. The estimates of useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently measured at amortised cost. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payment of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company has elected not to recognize right-of-use asset and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets. The Company recognizes the lease payments associated with these leases as an expense on straight line basis over the lease term.

**(vii) Foreign currency transactions**

**(a) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupee (Rs.), which is Company's functional and presentation currency.

**(b) Initial recognition**

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction.

**(c) Conversion**

Foreign currency monetary items are translated using the functional currency spot rates of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost denominated in a foreign currency are translated using the exchange rate at the date of the initial recognition.

**(d) Exchange differences**

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

**(e) Foreign operations**

The assets and liabilities of foreign operations, are translated into INR at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of transactions.

Foreign currency differences are recognised in OCI and accumulated in foreign currency translation reserve (FCTR).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

When a foreign operation is disposed of in its entirety or partially, the relevant proportion of the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

**(viii) 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 recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. 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 derivatives are taken directly to profit and loss.

**(ix) Fair value measurement**

The Company measures financial instruments, such as, derivatives, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, 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 market participants would use when pricing the asset or liability, assuming that 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (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 instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

External valuers are involved for valuation of significant assets, and significant liabilities, if any.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

**(x) 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 except trade receivables are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit and loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit and loss. 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. Trade receivables are measured at transaction price in accordance with Ind AS 115.

**Subsequent measurement:**

**Financial assets being debt instruments:**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. For the purposes of subsequent measurement, debt instruments are classified in three categories:

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income (FVTOCI);
- Debt instruments at fair value through profit and loss (FVTPL).

**Debt instruments at amortised cost:**

A debt instrument is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

**Debt instrument at FVTOCI:**

A debt instrument is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent sole payments of principal and interest (SPPI).

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**Debt instrument at FVTPL:**

FVTPL is a residual category for debt instruments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

**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 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.

**Impairment of Financial Assets:**

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognising impairment loss allowance based on 12-month ECL.

**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. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including derivative financial instruments.

**Subsequent Measurement:**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss (FVTPL) 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 'Financial instruments'.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

**Loans and borrowings**

After initial recognition, interest-bearing loans

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

**Derecognition:**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another financial liability 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 recognised in the statement of profit and loss.

**Offsetting 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 recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**(xi) Cash and cash equivalents**

Cash and cash equivalents 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 known amount of cash and which are subject to an insignificant risk of changes in value.

**(xii) Inventories**

i. Inventories are valued at the lower of cost and net realizable value.

ii. The cost is determined as follows:

(a) Raw Materials, Stores, Spare Parts, Chemical, Fuel Oil and Packing Materials: Weighted average method

(b) Intermediaries: Material cost on weighted average method and appropriate manufacturing overheads based on normal operating capacity

(c) Finished goods (manufactured): Material cost on weighted average method and appropriate manufacturing overheads based on normal operating capacity including Excise Duty

(d) Traded goods: Weighted average method

iii. By-products such as treated gypsum are measured at net realizable value, adjusted against the cost of main product.

iv. Net realizable value is the estimated selling price including applicable subsidy in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

v. Materials and other items 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.

**(xiii) Borrowing cost**

Borrowing costs include interest and other ancillary costs incurred in connection with the arrangement of borrowings. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**(xiv) Revenue Recognition**

The Company earns revenue primarily from sale of fertilizers. The following specific criteria must also be met before revenue is recognised:

**Sale of goods**

At contract inception, Company assess the goods promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer. Revenue is recognised upon transfer of control of promised products to customers in an amount of the transaction price that is allocated to that performance obligation and that reflects the consideration which the Company expects to receive in exchange for those products.

The Company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods to a customer net of returns, excluding amounts collected on behalf of third parties (for example, taxes) and excluding discounts and incentives, as specified in the contract with customer.

With respect to sale of products revenue is recognised at a point in time when the performance obligation is satisfied and the customer obtains the control of goods which is usually dispatch/delivery of goods, based on contracts with customers. There is no significant financing components involved on contract with customers. Invoices are usually payable within the credit period as agreed with respective customers.

**Contract balances**

**Contract assets**

A contract asset is the right to consideration in exchange for goods transferred to the customer. If the Company performs by transferring goods 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**

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 note (x) to significant accounting policies on Financial instruments – initial recognition and subsequent measurement.

**Contract liabilities**

A contract liability is the obligation to transfer goods 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 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.

**Subsidy income**

Subsidy for DAP, Muriate of Potash (MOP) and Complex Fertilizers are recognized as per rates notified by the Government of India in accordance with Nutrient Based Subsidy Policy and other guidelines issued from time to time, where there is reasonable assurance of complying with the conditions of the policy.

Subsidy on freight charges for DAP, MOP and Complex Fertilizers is recognized based on rates notified by the Government of India with the known policy parameters in this regard and included in subsidy.

**Interest Income**

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable EIR. Claims receivable on account of interest from dealers on delayed payments are accounted for to the extent the Company is reasonably certain of their ultimate collection.

**Dividend Income**

Dividend income is recognised when the Company's right to receive the payment is established.

**Insurance claims**

Claims receivable on account of insurance are accounted for to the extent the Company is

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

reasonably certain of their ultimate collection.

**(xv) Government grants and subsidies**

Grants and subsidies [other than subsidy income considered in point (xiv) above] from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/ subsidy will be received.

Where the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

**(xvi) Employee benefits**

**Short term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

**Defined Contribution Plan**

Retirement benefit in the form of contribution to pension fund, superannuation fund and national pension scheme are defined contribution scheme. The Company has no obligation, other than the contribution payable to these schemes. The Company recognizes contribution payable to these fund schemes as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre- payment will lead to, for example, a reduction in future payment or a cash refund.

**Defined Benefit Plans**

i) Liability for Gratuity and Post Retirement Medical Benefits are provided for on the basis of actuarial valuation carried at the end of each financial year. The gratuity plan and post employment medical benefit plan has been funded by policy taken from Life Insurance Corporation of India.

ii) Liability for Provident fund is provided for on the basis of actuarial valuation carried at the end of each financial year. The difference between the actuarial valuation of the provident fund of employees at the year end and the balance of own managed fund is provided for as liability in the books in terms of the provisions under Employee Provident Fund and Miscellaneous Provisions Act, 1952.

iii) The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefits expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and such re-measurement gain / (loss) are not reclassified to the statement of profit and loss in the subsequent periods. They are included in retained earnings in the statement of changes in equity.

**Other long term benefits**

Liability for accumulated compensated absences are provided for on the basis of actuarial valuation carried at the end of each financial year. The Company measures the expected cost of accumulated compensated absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months as long term employee benefit for measurement purpose.

**(xvii) Income tax**

Tax expense comprises current income tax and deferred tax. Current income-tax expense is measured at the amount expected to be paid to the taxation 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 substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax is provided using the liability method 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 recognised for all taxable temporary differences, except when the deferred tax liability arises from an asset or liability in a transaction that at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised.

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 taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised 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 realised 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 recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, to the extent it would be available for set off against future current tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

**(xviii) Segment Reporting Policies**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. Chief Operating Decision Maker review the performance of the Company according to the nature of products manufactured, traded and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the locations of customers.

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting financial statements of the Company as a whole.

**(xix) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders of the Company by the weighted average number of the equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to equity shareholders of the Company and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares.

**(xx) Contingent liabilities**

A contingent liability is a possible obligation that

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. A contingent liability is also a present obligation that arises from past events but outflow of resources embodying economic benefits is not probable.

**(xxi) Provisions**

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of 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. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

**3A. Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, 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. The changes in estimates are made as the management becomes aware of such changes. The changes in estimates are recognized in the period in which the estimates are revised.

**i) Defined benefit plans**

The cost of the defined benefit gratuity plan, post-employment medical benefits and other defined benefit plans and the present value of the obligation of defined benefit plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for defined benefit plans, the management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on the expected future inflation rates. Further details about the defined benefit obligations are given in Note 32.

**ii) Useful life of Property, plant and equipment**

The management estimates the useful life and residual value of property, plant and equipment based on technical evaluation. These assumptions are reviewed at each reporting date. Refer Note 4(a).

**iii) Fair value measurement of financial instruments.**

Refer Note 34 for information about fair value measurement.

**iv) Revenue recognition**

The Company provides various rebates and incentives to the customers. In estimating the same, the Company is required to use either the expected value method or the most likely method. The Company determined that the expected value method is the appropriate method for determining estimates to recognize the impact of rebates and other incentives on revenue. These estimates are made based on historical experience and business forecast and current market conditions. The model uses the historical purchasing patterns and rebate entitlement of customers to determine the expected rebate percentages and the expected value thereof.

**3B. Standards issued but not yet effective**

On 23 March 2022, the Ministry of Corporate Affairs ("MCA") through notifications, amended to existing Ind AS. The same shall come into force from annual reporting period beginning on or after 1st April 2022. Key Amendments relating to the same whose financial

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

- Ind AS 16 Property, Plant and Equipment – For items produced during testing/trail phase, clarification added that revenue generated out of the same shall not be recognised in Statement of Profit & Loss and considered as part of cost of PPE.
- Ind AS 37 Provisions, Contingent Liabilities & Contingent Assets – Guidance on what constitutes cost of fulfilling contracts (to determine whether the contract is onerous or not) is included.
- Ind AS 103 – Business Combination – Reference to revised Conceptual Framework. For contingent liabilities / levies, clarification is added on how to apply the principles for recognition of contingent liabilities from Ind AS 37. Recognition of contingent assets is not allowed.
- Ind AS 109 Financial Instruments – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.

The amendments are extensive, and the Company will evaluate the same to give effect to them as required by law.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Note 4(a) : Property, plant and equipment**

**Reconciliation of carrying amount**

(All amounts are in ₹ lakhs, unless otherwise stated)

| | Leasehold land - Right of Use Asset | Freehold land * | Buildings | Roads and culverts | Plant and equipments | Furniture and fittings | Vehicles | Office equip-ments | Railway siding | Total (A) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 April 2020** | 39.84 | 584.90 | 39,132.91 | 479.19 | 106,633.61 | 347.71 | 466.98 | 829.91 | 657.92 | 149,172.97 |
| Additions during the year | - | - | 434.98 | 181.58 | 8,742.70 | 54.33 | 24.97 | 106.27 | - | 9,544.83 |
| Disposals/ discard during the year | - | - | - | 0.40 | 944.64 | 6.32 | 19.91 | 3.37 | - | 974.64 |
| Adjustment (Refer note 4 below) | - | - | 49.21 | - | 649.41 | - | - | - | - | 698.62 |
| **Balance as at 31 March 2021** | **39.84** | **584.90** | **39,617.10** | **660.37** | **115,081.08** | **395.72** | **472.04** | **932.81** | **657.92** | **158,441.78** |
| **Balance as at 1 April 2021** | 39.84 | 584.90 | 39,617.10 | 660.37 | 115,081.08 | 395.72 | 472.04 | 932.81 | 657.92 | 158,441.78 |
| Additions during the year | - | - | 322.16 | 337.23 | 12,228.28 | 26.60 | 108.38 | 107.82 | 188.92 | 13,319.39 |
| Disposals/ discard during the year | - | - | 6.82 | - | 1,586.82 | 9.39 | 56.93 | 25.83 | | 1,685.79 |
| Adjustment (Refer note 4 below) | - | - | - | - | 488.37 | - | - | - | - | 488.37 |
| **Balance as at 31 March 2022** | **39.84** | **584.90** | **39,932.44** | **997.60** | **126,210.91** | **412.93** | **523.49** | **1,014.80** | **846.84** | **170,563.75** |

(All amounts are in ₹ lakhs, unless otherwise stated)

| | Leasehold land - Right of Use Asset | Freehold land * | Buildings | Roads and culverts | Plant and equipments | Furniture and fittings | Vehicles | Office equip-ments | Railway siding | Total (A) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Accumulated depreciation** | | | | | | | | | | |
| **Balance as at 1 April 2020** | 2.38 | - | 2,987.19 | 115.83 | 23,999.80 | 178.28 | 112.65 | 407.64 | 101.83 | 27,905.60 |
| Charge for the year | 0.44 | - | 1,361.34 | 71.27 | 6,630.47 | 45.34 | 56.21 | 100.71 | 33.94 | 8,299.72 |
| Deductions | - | - | - | - | 260.77 | 4.75 | 6.32 | 2.12 | - | 273.96 |
| **Balance as at 31 March 2021** | **2.82** | **-** | **4,348.53** | **187.10** | **30,369.50** | **218.87** | **162.54** | **506.23** | **135.77** | **35,931.36** |
| **Balance as at 1 April 2021** | 2.82 | - | 4,348.53 | 187.10 | 30,369.50 | 218.87 | 162.54 | 506.23 | 135.77 | 35,931.36 |
| Charge for the year | 0.44 | - | 1,385.13 | 112.30 | 7,271.65 | 40.93 | 58.74 | 108.74 | 38.95 | 9,016.88 |
| Deductions | - | - | 1.74 | - | 304.57 | 6.06 | 22.75 | 23.21 | - | 358.33 |
| **Balance as at 31 March 2022** | **3.26** | **-** | **5,731.92** | **299.40** | **37,336.58** | **253.74** | **198.53** | **591.76** | **174.72** | **44,589.91** |
| **Net Carrying amount** | | | | | | | | | | |
| Balance as at 31 March 2021 | 37.02 | 584.90 | 35,268.57 | 473.27 | 84,711.58 | 176.85 | 309.50 | 426.58 | 522.15 | 122,510.42 |
| **Balance as at 31 March 2022** | **36.58** | **584.90** | **34,200.52** | **698.20** | **88,874.33** | **159.19** | **324.96** | **423.04** | **672.12** | **125,973.84** |

* Company is in the process of executing conveyance deed / patta for land measuring 178.06 acres amounting to ₹ 27.94 lakhs

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

| Item of Balance Sheet | Description of Item | Gross Carrying Value | Title deed in favour of | If in the name of director etc | Propery held since | Reason of not being held in the name of the company |
|---|---|---|---|---|---|---|
| Property, Plant and equipment | Freehold land | 27.94 | NA | NA | 1982-85 | Delay on account of administrative formalities |

Notes:

1) Refer Note 14(a) and 14(b) relating to borrowings in respect of property, plant and equipment provided as security against those borrowings.
2) Refer Note 30 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
3) Capitalisation of borrowing costs relates to funds borrowed both specifically and generally to acquire/construct qualifying assets. The capitalisation rate relating to general borrowings was at 7.22% (31 March 2021: 7.74%).
4) Adjustments include adjustment on account of borrowing costs and foreign exchange fluctuations.

**4(b) Capital work-in-progress**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Opening balance | 22,005.97 | 14,904.45 |
| Add: Addition during the year | 25,431.25 | 17,352.81 |
| Less: Capitalisation during the year | 13,807.76 | 10,251.29 |
| Closing balance | 33,629.46 | 22,005.97 |

Closing balance includes other direct capital expenditure (pending allocation) ₹ 3,244.34 (31 March 2021: ₹ 1,596.20)

**CWIP Ageing Schedule**

**As at 31 March 2022**

| CWIP | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 Year | 1-2 Years | 2-3 Years | More Than 3 Years | |
| Projects in progress | 15,885.33 | 7,699.53 | 5,449.42 | 4,595.18 | 33,629.46 |
| Projects temporarily suspended | - | - | - | - | - |

**As at 31 March 2021**

| CWIP | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 Year | 1-2 Years | 2-3 Years | More Than 3 Years | |
| Projects in progress | 8,508.24 | 7,535.19 | 3,299.01 | 2,663.54 | 22,005.98 |
| Projects temporarily suspended | - | - | - | - | - |

Details of projects forming part of CWIP and which have become overdue compared to their original plans or where cost is exceeded compared to original plans

**As at 31 March 2022** (Amount in ₹ Lakhs)

| Particulars | To be completed in | | | |
|---|---|---|---|---|
| | Less than 1 Year | 1-2 Years | 2-3 Years | More Than 3 Years |
| DAP Revamp ( A&B Train) | 8,514.07 | - | - | - |
| 4th Evaporator of Phosphoric acid plant | 4,779.88 | - | - | - |
| Phosphoric Acid Plant Expansion | 10,533.04 | - | - | - |

**As at 31 March 2021** (Amount in ₹ Lakhs)

| Particulars | To be completed in | | | |
|---|---|---|---|---|
| | Less than 1 Year | 1-2 Years | 2-3 Years | More Than 3 Years |
| DAP Revamp | 8,566.06 | - | - | - |
| 4th Evaporator of Phosphoric acid plant | 2,544.73 | - | - | - |
| Phosphoric Acid Plant Expansion | 3,794.71 | - | - | - |

**4(c) Intangible assets** (All amounts are in ₹ lakhs, unless otherwise stated)

| | 31 March 2022 Computer Software | 31 March 2021 Computer Software |
|---|---|---|
| Gross block (Carrying amount) | | |
| Balance as at beginning of the year | 421.36 | 413.52 |
| Additions during the year | 4.52 | 7.84 |
| Disposals/discard during the year | - | - |
| Adjustments | - | - |
| **Balance as at end of the year** | **425.88** | **421.36** |
| **Amortisation** | | |
| Balance as at beginning of the year | 310.81 | 277.72 |
| Amortisation for the year | 28.84 | 33.09 |
| Deductions | - | - |
| Adjustments | - | - |
| **Balance as at end of the year** | **339.65** | **310.81** |
| **Net carrying amount as at end of the year** | **86.23** | **110.55** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note 5(a): Equity accounted investment**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Investment in associate** | | |
| Unquoted investment in equity share at carrying value | 278.52 | 312.26 |
| 512,500 (31 March 2021: 512,500) ordinary shares of USD 1 each fully paid up of Zuari Yoma Agri Solutions Limited | | |
| Share of profit/(loss) in associate | 61.12 | (19.50) |
| Effect of foreign currency translation reserve | (50.21) | (14.24) |
| **Net investment in associate** | **289.43** | **278.52** |

**Note 5(b): Investments**

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | No. of units | Amount | No. of units | Amount |
| **Mutual fund investments at fair value through profit or loss (unquoted)** | | | | |
| Aditya Birla Sun Life Money Manager Regular - Growth | - | - | 1,228,746.71 | 3,501.44 |
| Aditya Birla Money Manager Fund-direct | 3,181,226.54 | 9,509.02 | - | - |
| Axis Money Market Fund - Direct Plan | 781,880.89 | 9,005.59 | 207,887.17 | 2,301.07 |
| Nippon India Money Market Fund - Direct Growth Plan Growth Option | 403,202.90 | 13,509.57 | 43,499.36 | 1,401.00 |
| Nippon India Money Market Fund - Growth Plan Growth Option | - | - | 62,588.63 | 2,000.40 |
| HDFC Money Market Fund - Regular Plan _ Growth | - | - | 33,945.49 | 1,499.93 |
| HDFC Mutual Fund - Money Market -Direct Growth | 107,466.46 | 5,002.35 | - | - |
| Kotak Mutual Fund - Money Market Fund | 234,859.14 | 8,503.57 | - | - |
| ICICI Prudential Money Market Fund - Growth | - | - | 170,598.19 | 499.98 |
| ICICI Prudential Money Market Fund - Direct Plan - Growth | 3,097,497.25 | 9,506.04 | 338,721.53 | 1,000.18 |
| **Total investments** | | **55,036.14** | | **12,204.00** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note 6: Other Non Current Assets and Current Assets**

(Unsecured, considered good unless otherwise stated)

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | **Non-current** | **Current** | **Non-current** | **Current** |
| Capital advances | | | | |
| Related parties (refer Note 33) | 112,656.46 | - | 24.19 | - |
| Others | 4,798.38 | - | 1,446.85 | - |
| Advance to vendors: | | | | |
| Related parties (refer Note 33) | - | 1.34 | - | 1.34 |
| Others | - | 2,636.66 | - | 2,098.39 |
| Less: Loss allowance | - | (32.00) | - | (32.00) |
| Claims receivable | 218.28 | 1,620.11 | 218.28 | 861.28 |
| Less: Loss allowance | (218.28) | - | (218.28) | - |
| Balance with statutory / government authorities | - | 36,682.67 | - | 23,659.01 |
| Prepaid expenses | 64.40 | 1,423.94 | 93.03 | 367.35 |
| Sales tax & entry tax deposits | 8.01 | 2,596.52 | 8.01 | 2,596.52 |
| Less: Loss allowance | (8.01) | - | (8.01) | - |
| Receivable from Related Party (Refer note no. 33) | - | - | - | 17,541.97 |
| Other deposits | | | | |
| Related parties (refer Note 33) | 42.00 | - | 42.00 | - |
| Others* | 715.29 | 151.15 | 715.29 | 144.18 |
| **Total other assets** | **118,276.53** | **45,080.39** | **2,321.36** | **47,238.04** |

* Includes primarily deposits with vendors, service providers etc.

**Note 7: Inventories**

(Valued at the lower of cost and net realisable value)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Raw materials | 137,959.00 | 37,928.44 |
| Finished goods | 24,941.42 | 13,520.24 |
| Traded goods | 35,650.63 | 13,079.27 |
| Intermediates | 10,991.95 | 7,158.97 |
| Stores, spare parts, chemical and fuel oil | 5,604.36 | 4,449.87 |
| Packing materials | 990.96 | 630.50 |
| By-Products | 13,183.92 | 13,138.07 |
| **Total inventories** | **229,322.24** | **89,905.36** |

Note:

a) Inventories are pledged against the borrowings as further explained in Note 14(a) and 14(b).

b) The cost of inventories recognised as expense includes Nil (31 March 2021: ₹ 39.29) in respect of write down of inventories.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

c) Inventories includes inventories in transit as at the balance sheet date as under:

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Raw materials | 69,359.06 | 19,643.50 |
| Finished goods | 7,630.77 | 3,468.75 |
| Traded goods | 34,984.38 | 5,927.52 |
| Stores and spare parts | 1,000.67 | 230.47 |
| Total inventories in transit | **112,974.88** | **29,270.24** |

**Note 8: Trade receivables**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Trade receivables considered good - secured | 105.28 | 573.53 |
| Trade receivables considered good - unsecured | 92,154.68 | 83,261.69 |
| From related parties (Refer Note 33) | | |
| Trade receivables considered good - unsecured | 2,502.61 | 35,203.15 |
| Total trade receivables | 94,762.57 | 119,038.37 |
| Less: Loss allowance | (4,515.03) | (3,479.01) |
| **Net trade receivables (Refer note 'a' below)** | **90,247.54** | **115,559.36** |

Trade receivables are carried at amortised cost which are a reasonable approximation of their fair value.

a) Includes subsidy receivable from the Government of India amounting to ₹ 87,555.69 (31 March 2021: ₹ 51,844.89)

b) Trade receivables are pledged against the borrowings obtained by the Company as further explained in Note 14(a) and 14(b).

c) Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

d) No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person, nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

e) The Company's exposure to credit and currency risks and loss allowances related to trade receivables are disclosed in Note 35.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Trade Receivable ageing schedule:**

**As at 31 March 2022**

| Particulars | | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | | Less than 6 months | 6 months -1 year | 1-2 Years | 2-3 Years | More Than 3 Years | |
| (i) | Undisputed Trade receivables - considered good | 71,558.30 | 8,666.24 | 254.46 | 1,376.02 | 688.82 | 4,455.29 | 86,999.13 |
| (ii) | Undisputed Trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) | Undisputed Trade receivables - credit impaired | - | - | - | - | - | - | - |
| (iv) | Disputed Trade receivables - considered good | - | - | - | - | - | 5,359.52 | 5,359.52 |
| (v) | Disputed Trade receivables - which have significant increase in credit risk | - | 484.74 | - | 244.22 | 145.43 | 1,529.53 | 2,403.92 |
| (vi) | Disputed Trade receivables - credit impaired | - | - | - | - | - | - | - |
| Gross trade receivable | | | | | | | | 94,762.57 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**As at 31 March 2021**

| Particulars | | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | | Less than 6 months | 6 months -1 year | 1-2 Years | 2-3 Years | More Than 3 Years | |
| (i) | Undisputed Trade receivables - considered good | 19,730.42 | 43,248.64 | 1,664.37 | 14,399.85 | 19,145.84 | 13,135.76 | 111,324.88 |
| (ii) | Undisputed Trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) | Undisputed Trade receivables - credit impaired | - | - | - | - | - | - | - |
| (iv) | Disputed Trade receivables - considered good | - | - | - | - | - | 5,359.52 | 5,359.52 |
| (v) | Disputed Trade receivables - which have significant increase in credit risk | - | 93.59 | 236.89 | 332.29 | 412.09 | 1,279.11 | 2,353.97 |
| (vi) | Disputed Trade receivables - credit impaired | - | - | - | - | - | - | - |
| Gross trade receivable | | | | | | | | 119,038.37 |

**Note 9(a): Cash and cash equivalents**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Balances with banks | | |
| - On current accounts | 26.23 | 247.31 |
| - On cash credit accounts | 3,583.16 | 8,904.97 |
| – Term Deposit Account (original maturity of less than 3 months) | 50,174.52 | - |
| Cash on hand | 0.19 | 0.17 |
| **Total cash and cash equivalents** | **53,784.10** | **9,152.45** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note 9(b): Bank balances other than above**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| - In term deposit account * | 5,987.37 | 167.32 |
| **Total bank balances other than above** | **5,987.37** | **167.32** |

Bank balances other than above are carried at amortised cost which are a reasonable approximation of their fair value.

*With original maturity of more than 3 months but not greater than 12 months pledged with Executive Engineer, Mahanadi South Division as security deposit ₹ 343.89 (31 March 2021: ₹ 162.32), against bank guarantee issued in favour of Regional Director, ESI Corporation, bhubaneswar ₹ 5.00 (31 March 2021: ₹ 5.00), against bank guarantee issued in favour of East Cost Railway : ₹ 291.1 6 (31 March 2021: Nil), cash margin fixed deposit issued against usance LC for supply of imported raw materials : ₹ 5,347.32 ( 31 March 2021:Nil)

**Note 10: Other financial assets**

(Unsecured, considered good unless otherwise stated)

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | Non-current | Current | Non-current | Current |
| **Derivative instruments at fair value through profit or loss** | | | | |
| Derivatives not designated as hedges | | | | |
| Foreign-exchange forward contracts | - | 453.37 | - | - |
| **Other financial asset at amortised cost*** | | | | |
| Claims receivable: | | | | |
| Related parties (refer Note 33) | - | 32,583.56 | - | 16,163.08 |
| Others | 209.79 | 449.24 | 209.79 | 765.50 |
| Less: Loss allowance | (209.79) | - | (209.79) | - |
| Interest receivable on deposits, receivables, etc: | | | | |
| Related parties (refer Note 33) | - | - | - | 2,556.74 |
| Others | - | 31.34 | - | 50.40 |
| Other receivable | | | | |
| Related parties (refer Note 33) | - | 326.85 | - | 56.18 |
| **Total other financial assets** | **-** | **33,844.36** | **-** | **19,591.90** |

* The carrying amounts of these financial instruments are a reasonable approximation of their fair value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note 11: Assets classified as held for sale**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Discarded property, plant and equipment | 23.96 | 24.32 |
| **Total assets classified as held for sale** | **23.96** | **24.32** |

Assets held for sale represent property, plant and equipment discarded. The Company expects to dispose it off in next one year.

**Note 12: Equity share capital**

**(a) Details of authorised, issued, subscribed and fully paid up share capital:**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Authorised share capital** | | |
| 900,000,000 (31 March 2021: 8,000,000) equity shares of ₹ 10 each (31 March 2021: ₹ 1000 each) | 90,000.00 | 80,000.00 |
| 10,000,000 (31 March 2021: 2,000,000) 7% Non cumulative Redeemable preference shares of ₹ 100/- each (31 March 2021:Rs.1000 each) | 10,000.00 | 20,000.00 |
| **Total authorised share capital** | **100,000.00** | **100,000.00** |
| **Issued, subscribed and fully paid up shares** | | |
| 575,450,000 (31 March 2021: 5,754,500) equity shares of ₹ 10 (31 March 2021: ₹ 1000) each fully paid | 57,545.00 | 57,545.00 |
| **Total equity share capital** | **57,545.00** | **57,545.00** |

**(b) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year:**

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | Number of equity shares | Amount | Number of equity shares | Amount |
| Balance at the beginning of the year | 5,754,500 | 57,545.00 | 5,754,500 | 57,545.00 |
| Changes during the year | 569,695,500 | - | - | - |
| Balance at the end of the year | 575,450,000 | 57,545.00 | 5,754,500 | 57,545.00 |

**(c) Terms/ rights attached to equity shares:**

1) The Company has only one class of equity share having par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. Refer note 28 for sub-division of shares post 31 March 2021.

2) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company in proportion to the number of equity shares held by the respective shareholders.

3) The shares held by the GOI have the following additional rights :

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

a) The GOI is entitled to nominate two directors on the Board of the Company so long as it holds at least 15.5% issued equity shares of the Company.

b) The presence of at least one GOI nominee director is required to constitute a quorum in a board meeting, failing which the meeting would be adjourned twice. Thereafter, in the absence of GOI nominee director, the directors present shall constitute the quorum.

c) The above requirement is also applicable to constitute a quorum in shareholder's meeting.

d) The resolution for certain important matters cannot be passed in a board meeting / shareholders' meeting without the affirmative vote of at least one GOI nominee director/shareholder.

4) The shares held by Zuari Maroc Phosphates Private Limited (ZMPPL) have the following additional rights :

a) ZMPPL is entitled to nominate maximum 6 directors on the Board of the Company.

b) The Chairman and the Managing Director shall be appointed from amongst the directors nominated by ZMPPL.

**(d) Shares held by holding company are as below:**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Name of shareholder** | | |
| Zuari Maroc Phosphates Private Limited (ZMPPL), the holding company (erstwhile known as Zuari Maroc Phosphates Limited (ZMPL)) | 46,296.10 | 46,296.10 |

**(e) Details of equity shareholders holding more than 5% of the aggregate equity shares in the Company:**

| Name of equity shareholder | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | Number of equity shares | % of total shares in the class | Number of equity shares | % of total shares in the class |
| Zuari Maroc Phosphates Private Limited (ZMPPL), the holding company (erstwhile known as ZMPL) | 462,961,000 | 80.45% | 4,629,610 | 80.45% |
| President of India - Government of India (GOI) | 112,489,000 | 19.55% | 1,124,890 | 19.55% |

(f) The Company has not issued any bonus shares or shares for consideration other than cash during the period of five years immediately preceding the reporting date.

(g) As per records of the company including its register of share holders/members and other declarations received from share holders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**(h) Details of shareholding of promoters:**

| Name of equity shareholder | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | Number of equity shares | % of total shares in the class | Number of equity shares | % of total shares in the class |
| Zuari Maroc Phosphates Private Limited (ZMPPL), the holding company (erstwhile known as ZMPL) | 462,961,000 | 80.45% | 4,629,610 | 80.45% |
| President of India - Government of India (GOI) | 112,489,000 | 19.55% | 1,124,890 | 19.55% |

# There is no change in % of shareholdings by any of the promotors during the year and the comparative previous year.

**Note 13: Other equity**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Retained earnings | 165,019.19 | 125,220.21 |
| Foreign currency translation reserve (FCTR) | (64.45) | (14.24) |
| **Total other equity** | **164,954.74** | **125,205.97** |

Refer consolidated statement of changes in equity for movement in retained earnings during the years.

**Nature and purpose of reserves:**

**Retained earnings:** Retained earnings are profits that the Company has earned till date, less dividends or other distributions paid to the shareholders. It also includes remeasurement gain/ loss of defined benefit plans.

**Foreign currency translation reserve (FCTR) :** Foreign currency translation reserve (FCTR) represents exchange differences on translating the financial statements of foreign operations

**Note 14(a): Non-Current Borrowings**

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | Non-current | Current Maturities | Non-current | Current Maturities |
| **Secured** | | | | |
| Rupee term loan from banks | 52,817.08 | 16,769.79 | 11,341.13 | 7,608.98 |
| Amount of current maturities disclosed under the head "current borrowings" (Refer note 14(b)) | - | (16,769.79) | - | (7,608.98) |
| **Total non-current borrowings** | **52,817.08** | **-** | **11,341.13** | **-** |

Non-Current Borrowings are carried at amortised cost which are a reasonable approximation of their fair value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Terms and conditions including nature of securities and terms of repayment of each loan and interest rate:**

| Particulars of loan | Security | Terms of repayment | Period / Year end | Effective interest rate |
|---|---|---|---|---|
| Rupee term loan from- ICICI Bank | First pari passu with the mortgages and charges created in respect of immovable properties and movable properties and second pari passu with the charges created in respect of current assets. | Repayable in 20 quarterly instalments commenced from 31 December 2018, of which first 8 quarterly instalments are of ₹ 500.00, next 4 quarterly instalments of ₹ 1000.00 and remaining 8 quarterly instalments of ₹ 1500.00 | 31 March 2022<br>31 March 2021 | 8.35%<br>8.55% |
| Rupee term loan from- Bank of India | First pari passu with the mortgages and charges created in respect of immovable properties and movable properties and second pari passu with the charges created in respect of current assets. | Repayable in 16 quarterly instalments of ₹ 1337.50 commencing from 30 September 2022. | 31 March 2022<br>31 March 2021 | 7.55%<br>9.70% |
| Rupee term loan from Rabo Bank U A loan(Co-operative bank) | First pari passu with the mortgages and charges created in respect of immovable properties and movable properties | Repayable in 7 quarterly instalments of ₹ 2698.00 commencing from 4 April 2023. | 31 March 2022<br>31 March 2021 | 7.17%<br>- |
| Rupee term loan from- ICICI Bank | First pari passu with the mortgages and charges created in respect of immovable properties and movable properties | Repayable in 16 quarterly instalments of ₹ 937.50 commencing from 31 March 2023. | 31 March 2022<br>31 March 2021 | 8.20%<br>- |
| Rupee term loan from- ICICI Bank | First pari passu with the mortgages and charges created in respect of movable properties | Repayable in 10 quarterly instalments of ₹ 1500.00 commencing from 31 March 2022. | 31 March 2022<br>31 March 2021 | 7.25%<br>- |
| Rupee term loan from- SBI | First pari passu with the mortgages and charges created in respect of fixed assets and second paripassu with charge on entire current assets. | Repayable in 20 quarterly instalments of ₹ 850.00 commencing from 1 April 2023. | 31 March 2022<br>31 March 2021 | 9.00%<br>- |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note 14(b): Current Borrowings**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **From banks:** | | |
| **Secured** | | |
| Loans repayable on demand | | |
| Cash credit | 16.64 | - |
| **Other loans** | | |
| Buyer's credit | 132,502.88 | - |
| Supplier's credit | 67,323.18 | 106,167.14 |
| Other loans from bank | 25,000.00 | - |
| Current maturity of non-current borrowings | 16,769.79 | 7,608.98 |
| **Unsecured** | | |
| Other loans from bank | 1,000.00 | - |
| **Total current borrowings** | **242,612.49** | **113,776.12** |

Current Borrowings are carried at amortised cost which are a reasonable approximation of their fair value.

**Terms and conditions including nature of securities and terms of repayment of each loan and interest rate:**

| Particulars of loan | Security | Terms of repayment | Period | Principal Amount | Effective interest rate |
|---|---|---|---|---|---|
| Cash credit (secured) | First charge by way of hypothecation on all current assets and second charge on all immovable & movable properties of the Company (other than certain current assets hypothecated / pledged in favour of banks by way of first charge) both present and future on pari-passu basis. | Repayable on demand | 31 March 2022 | 16.64 | 8.15% |
| | | | 31 March 2021 | - | - |
| Supplier's credit (secured)/ buyer's credit (secured) | | Repayable over a period of 7 to 180 days | 31 March 2022 | 199,826.06 | 6 month LIBOR/ SOFR plus 0.10% to 0.75% |
| | | | 31 March 2021 | 106,167.14 | 6 month LIBOR plus 0.10% to 0.75% |
| Rupee loan (secured) | The loan is secured against 100% fixed deposit | Repayable on demand | 31 March 2022 | 25,000.00 | 4.70% |
| | | | 31 March 2021 | - | - |
| Others Loans (unsecured) | Unsecured | Repayable on demand | 31 March 2022 | 1,000.00 | 7.51% |
| | | | 31 March 2021 | - | - |

**Details of securities as reported in the books vis-à-vis quarterly return:**

| Particulars of securities | Name of the bank | Quarter | Amount as per books of accounts | Amount as reported in the qtrly return | Amount of difference | Reason of material difference |
|---|---|---|---|---|---|---|
| Other Current Assets | State Bank of India | June-21 | 104,596.05 | 107,493.64 | (2,897.59) | On account of setoff between current asset and current liability |
| **Total** | | | **354,320.59** | **357,218.18** | **(2,897.59)** | |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note 15: Other financial liabilities**

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | Non-current | Current | Non-current | Current |
| **Financial liabilities at fair value through profit or loss** | | | | |
| **Derivatives not designated as hedges** | | | | |
| Foreign-exchange forward contracts | - | - | - | 1,591.54 |
| **Total financial liabilities at fair value through profit or loss** | **-** | **-** | **-** | **1,591.54** |
| **Other financial liabilities at amortised cost*** | | | | |
| Earnest money/Security deposits | | | | |
| Others | - | 3,166.26 | - | 2,800.27 |
| Employee related dues | 286.71 | 2,558.41 | 10.05 | 2,297.74 |
| Creditors for property, plant and equipments (including retention money from contractors/suppliers) | | | | |
| Related Parties (Refer Note 33) | - | 42.53 | - | 42.53 |
| Others | - | 1,740.65 | - | 1,439.47 |
| Interest accrued but not due on borrowings | - | 258.91 | - | 74.09 |
| **Total other financial liabilities at amortised cost** | **286.71** | **7,766.76** | **10.05** | **6,654.10** |
| **Total other financial liabilities** | **286.71** | **7,766.76** | **10.05** | **8,245.64** |

* The carrying amounts of these financial instruments are a reasonable approximation of their fair value.

**Note 16: Provisions**

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | Non-current | Current | Non-current | Current |
| **Provision for employee benefits *** | | | | |
| Post retirement medical benefits | 154.91 | 11.12 | 58.90 | 4.15 |
| Gratuity (refer Note 32) | 1,548.14 | 222.91 | 1,320.22 | 160.35 |
| Leave salary | - | 3,832.40 | - | 4,862.99 |
| **Other provisions (Refer Note 'a' below)** | | | | |
| Contractors | 951.78 | - | 595.87 | - |
| Others | | | | |
| - Capital expenditure | - | 250.18 | - | 250.18 |
| - Others | - | 3,207.96 | - | 3,023.88 |
| **Total provisions** | **2,654.83** | **7,524.57** | **1,974.99** | **8,301.55** |

* The classification of current/non current for provision for employee benefits has been determined by the actuary of the Company, based upon estimated amount of cash outflow during the next 12 months from the balance sheet date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note a: The movement for "Other provisions" during the year is as follows:**

Movement of provisions during the year as required by Ind AS 37 "Provisions, Contingent Liabilities and Contingent Asset"

**Capital expenditure**

| | As at 31 March 2022 | | | As at 31 March 2021 | | |
|---|---|---|---|---|---|---|
| | Capital Expenditure ** | Contractor | Others ** | Capital Expenditure ** | Contractor | Others ** |
| Opening balance | 250.18 | 595.87 | 3,023.88 | 250.18 | 621.24 | 2,845.58 |
| Provision made during the year | - | 355.91 | 184.08 | - | - | 178.30 |
| Provision adjusted during the year | - | - | - | - | (25.37) | - |
| **Closing balance**** | **250.18** | **951.78** | **3,207.96** | **250.18** | **595.87** | **3,023.88** |

** Closing balance includes the following provisions

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | Capital Expenditure | Others | Capital Expenditure | Others |
| Ground rent (Refer note i below) | - | 2,693.56 | - | 2,516.20 |
| Land compensation (including interest) (Refer note ii below) | 250.18 | - | 250.18 | - |
| Employees' state insurance (Refer note iii below) | - | 220.96 | - | 214.24 |
| Provision for others (freight claims) | - | 293.44 | - | 293.44 |
| | **250.18** | **3,207.96** | **250.18** | **3,023.88** |

i. The Land Policy of Port land has been revised as per the Land Policy Guidelines issued by the Ministry of Shipping, Government of India. Pursuant to the said policy and pending outcome of negotiation with Paradeep Port Trust, the Company has made provision towards ground rent, interest and taxes amounting to ₹ 2,693.56 (31 March 2021: ₹ 2,516.20) against the demand raised by Paradeep Port Trust.

ii. In terms of meeting for amicable settlement of dispute the additional compensation to the land losers, under the chairmanship of the Collector and District Magistrate, Jagatsinghpur, it was decided to pay additional compensation at the rate fixed to the claimants through the Special Land Acquisition Officer (Spl. LAO), Government of Odisha. Since the disbursement process to land losers had started in the financial year 2010-11 through Spl. LAO, the Company had accounted for total estimated liability of ₹ 566.01 (including interest of ₹ 418.01) during the financial year 2010-11. The outstanding liability as on 31 March 2022 stands at ₹ 250.18 (31 March 2021: ₹ 250.18) after making payment to Spl. LAO.

iii. Employees' State Insurance Corporation (ESIC) raised various demands against the Company in respect of both contract labourers and employees in earlier years, which were contested by the Company in various Courts and Authorities. The Company is continuing with the provision existing in the books as on 31 March 2022 as ₹ 220.96 (31 March 2021: ₹ 214.24)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note 17: Income Tax**

**A. Amount recognised in the profit or loss**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Current tax expense / (credit): | | |
| Current income tax charge for continuing operations | 13,721.45 | 7,267.94 |
| Adjustment in respect of current income tax of earlier years | - | (13.36) |
| Deferred tax charge / (credit): | (67.54) | 7,068.90 |
| **Total tax expense** | **13,653.91** | **14,323.48** |

**B. Amount recognised in the Other Comprehensive Income**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Deferred tax charge / (credit) to OCI | (15.58) | 45.69 |

**C. Reconciliation of effective tax rate**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| **Accounting profit before income tax from continuing operations** | 53,499.23 | 36,650.30 |
| Share of loss from associate | (61.12) | 19.50 |
| Accounting profit before income tax | 53,438.11 | 36,669.80 |
| **At India's statutory income tax rate of 25.168%** | 13,449.30 | 12,813.89 |
| Tax effects of amount which are not deductible / (taxable) in calculating taxable income - | | |
| CSR expenditure | 142.40 | 175.72 |
| Interest on income tax under Section 220(2) of IT Act 1961 | (70.63) | 68.10 |
| Interest under Section 234B/234C | 121.94 | - |
| On account of reassessment of tax expenses | - | 1,158.39 |
| Impact of claim of health and education cess | - | (162.35) |
| Others | 10.90 | 283.09 |
| **Effective tax charge** | **13,653.91** | **14,336.84** |
| Add: Tax impact for earlier years | - | (13.36) |
| **Tax expenses as per the Statement of Profit and Loss** | **13,653.91** | **14,323.48** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**D. Movement in Deferred tax balances**

| | Balance as at 1 April 2021 | Recognised in profit or loss | Recognised in OCI | Balance as at 31 March 2022 |
|---|---|---|---|---|
| **Deferred tax liabilities** | | | | |
| Property, plant and equipment (including intangible assets) | 13,933.52 | 177.39 | - | 14,110.91 |
| On account of statutory dues | 641.47 | - | - | 641.47 |
| **Total deferred income tax liabilities** | **14,574.99** | **177.39** | **-** | **14,752.38** |
| **Deferred tax assets** | | | | |
| Effect of loss allowance | 993.48 | 260.77 | - | 1,254.25 |
| Expenses allowable under income tax on payment basis under Section 43B of the Income-tax Act, 1961 | 3,646.95 | (60.46) | 15.58 | 3,602.07 |
| Provision for other liabilities | 633.33 | 44.62 | - | 677.95 |
| **Total deferred income tax assets** | **5,273.76** | **244.93** | **15.58** | **5,534.27** |
| **Net deferred tax liabilities / (assets)** | **9,301.23** | **(67.54)** | **(15.58)** | **9,218.11** |

| | Balance as at 1 April 2020 | Recognised in profit or loss | Recognised in OCI | Balance as at 31 March 2021 |
|---|---|---|---|---|
| **Deferred tax liabilities** | | | | |
| Property, plant and equipment (including intangible assets) | 12,711.78 | 1,221.74 | - | 13,933.52 |
| On account of statutory dues | 891.28 | (249.81) | - | 641.47 |
| **Total deferred income tax liabilities** | **13,603.06** | **971.93** | **-** | **14,574.99** |
| **Deferred tax assets** | | | | |
| Effect of loss allowance | 847.26 | 146.22 | - | 993.48 |
| Expenses allowable under income tax on payment basis under Section 43B of the Income-tax Act, 1961 | 4,940.72 | (1,248.08) | (45.69) | 3,646.95 |
| Provision for other liabilities | 819.31 | (185.98) | - | 633.33 |
| MAT credit entitlement | 4,809.12 | (4,809.12) | - | - |
| **Total deferred income tax assets** | **11,416.41** | **(6,096.96)** | **(45.69)** | **5,273.76** |
| **Net deferred tax liabilities / (assets)** | **2,186.65** | **7,068.89** | **45.69** | **9,301.23** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note 18: Trade payables**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Total outstanding dues of micro enterprises and small enterprises | 818.76 | 625.56 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | |
| - Related parties (refer Note 33) | 110,304.81 | 46,296.80 |
| - Others | 116,216.30 | 47,030.81 |
| | **227,339.87** | **93,953.17** |

Trade payables are carried at amortised cost which are a reasonable approximation of their fair value.

Trade payables include acceptances from related parties and others amounting to ₹ 54,286.38 and ₹ 98,883.61 (31 March 2021: ₹ 38,183.18 and ₹ 30,979.35) respectively.

**Note:**

Trade payables and acceptances are non-interest bearing and are normally settled on 30 to 180 day terms.

The amount due to Micro and small enterprises as defined under Micro Small and Medium Enterprise Development Act, 2006 has been determined to the extent such suppliers have been identified on the basis of information available with the Company. The details are as under:

| | | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|---|
| (i) | the principal amount and interest thereon remaining unpaid at the end of financial year | 818.76 | 625.56 |
| (ii) | the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| (iii) | the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 | - | - |
| (iv) | the amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| (v) | the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | - | - |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Trade payable ageing schedule**

**As at 31 March 2022**

| Particulars | Not due | Outstanding for following periods from due date of payment | | | | |
|---|---|---|---|---|---|---|
| | | Less than 1 Year | 1-2 Years | 2-3 Years | More Than 3 Years | Total |
| (i) MSME | - | 818.76 | - | - | - | 818.76 |
| (ii) Others | - | 215,534.97 | 535.56 | 766.19 | 508.89 | 217,345.61 |
| (iii) Disputed Dues-MSME | - | - | - | - | - | - |
| (iv) Disputed Dues-Others | - | - | - | - | - | - |
| (v) Unbilled dues | 9,175.50 | | | | | 9,175.50 |
| **Total** | | **216,353.73** | **535.56** | **766.19** | **508.89** | **227,339.87** |

**As at 31 March 2021**

| Particulars | Not due | Outstanding for following periods from due date of payment | | | | |
|---|---|---|---|---|---|---|
| | | Less than 1 Year | 1-2 Years | 2-3 Years | More Than 3 Years | Total |
| (i) MSME | - | 625.56 | - | - | - | 625.56 |
| (ii) Others | - | 80,807.20 | 1,724.40 | 1,146.45 | 3,354.06 | 87,032.11 |
| (iii) Disputed Dues-MSME | - | - | - | - | - | - |
| (iv) Disputed Dues-Others | - | - | - | - | - | - |
| (v) Unbilled dues | 6,295.50 | - | - | - | - | 6,295.50 |
| **Total** | | **81,432.76** | **1,724.40** | **1,146.45** | **3,354.06** | **93,953.17** |

**Note 19: Other current liabilities**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Rebate liabilities | 2,401.01 | 3,558.78 |
| Interest on statutory dues | 482.66 | 304.98 |
| Statutory dues | 10,733.91 | 8,086.18 |
| Advance from customers | 1,283.27 | 689.02 |
| | **14,900.85** | **12,638.96** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note 20: Revenue from operations**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Sale of products | 387,574.95 | 371,527.59 |
| Subsidy from the Government of India on fertilizers (refer note (c) below) | 397,722.70 | 144,539.10 |
| Other operating revenues - Export incentive | 49.27 | - |
| - Scrap sales | 525.00 | 406.66 |
| **Revenue from operations *** | **785,871.92** | **516,473.35** |

* Revenue is net of rebates, discounts and goods and service tax.

**(a) Reconciliation of revenue recognised with contract price:**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Contract price | 799,001.12 | 525,133.18 |
| Adjustment for: | | |
| Variable considerations - rebates | (13,129.20) | (8,659.83) |
| **Revenue from operations** | **785,871.92** | **516,473.35** |

**(b) Contract balances**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Contract assets - trade receivables | 90,247.54 | 115,559.36 |
| Contract liabilities - advance from customers | 1,283.27 | 689.02 |

The contract liabilities convert to revenue within one year from the reporting date.

**(c) Subsidy from Government of India on fertilizers:**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| On finished goods [including freight subsidy ₹ 17,659.97 (31 March 2021: Rs. 15,159.22)] | 355,622.91 | 116,722.00 |
| On traded goods [including freight subsidy ₹ 1,949.19 (31 March 2021: Rs. 4,422.06)] | 42,099.79 | 27,817.10 |
| | **397,722.70** | **144,539.10** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note 21: Other income**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Interest income on: | | |
| Bank deposits* | 268.09 | 10.50 |
| Income tax refund | - | 149.57 |
| Others* | 31.90 | 45.36 |
| Rent income | 276.23 | 267.38 |
| Exchange difference (net) | - | 372.70 |
| Loss allowance written back | 758.42 | 91.20 |
| Excess provision/unclaimed balances written back | 969.05 | 268.68 |
| Profit on sale of current investments | 635.85 | 23.43 |
| Gain on fair valuation of investments measured at fair value through profit or loss | 38.13 | 3.99 |
| Miscellaneous income | 949.32 | 687.79 |
| | **3,926.99** | **1,920.60** |

* Interest income calculated using effective interest method in relation to financial assets carried at amortised cost.

**Note 22: Cost of raw materials consumed**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Inventory at the beginning of the year | 37,928.44 | 34,981.23 |
| Add: Purchases | 623,200.05 | 231,497.67 |
| Inventory at the end of the year | (137,959.00) | (37,928.44) |
| Traded goods transferred from raw materials | (1,631.45) | (2,038.03) |
| Traded goods transferred to raw materials | 3,084.25 | - |
| **Cost of raw materials consumed** | **524,622.29** | **226,512.43** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note 23: Changes in inventories of finished goods, stock-in-trade and work in progress**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| **Opening stock** | | |
| - Finished goods | 13,520.24 | 35,749.81 |
| - Intermediates | 7,158.97 | 6,013.48 |
| - By-Products | 13,138.07 | 13,154.55 |
| - Traded goods | 13,079.27 | 12,524.09 |
| **Total (A)** | **46,896.55** | **67,441.93** |
| **Less: Closing stock** | | |
| - Finished goods | 24,941.42 | 13,520.24 |
| - Intermediates | 10,991.95 | 7,158.97 |
| - By-Products | 13,183.92 | 13,138.07 |
| - Traded goods | 35,650.63 | 13,079.27 |
| **Total (B)** | **84,767.92** | **46,896.55** |
| Traded goods transferred from raw materials | (1,631.45) | (2,038.03) |
| Traded goods transferred to raw materials | 3,084.25 | - |
| **Total (C)** | **1,452.80** | **(2,038.03)** |
| **(Increase)/ decrease in inventories of finished goods, stock-in trade and work-in-progress (A-B-C)** | **(39,324.17)** | **22,583.41** |

**Note 24: Employee benefits expense**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Salaries, wages and bonus | 11,166.86 | 11,256.36 |
| Contribution to provident and other funds (refer Note 32) | 900.75 | 871.63 |
| Gratuity (Refer Note 32) | 327.06 | 384.46 |
| Staff welfare expenses | 1,455.77 | 1,406.55 |
| **Total employee benefits expense** | **13,850.44** | **13,919.00** |

The Code of Social Security, 2020 ("the Code") relating to employee benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note 25: Finance costs**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Interest expense on liabilities measured at amortised cost* | 1,831.73 | 6,741.51 |
| Exchange differences to the extent considered as an adjustment to borrowing costs | 3,836.98 | 3,223.49 |
| Bank charges | 2,402.77 | 984.19 |
| Interest on income tax | 482.66 | 193.34 |
| **Total finance costs** | **8,554.14** | **11,142.53** |

* Net of amount included in the cost of qualifying assets.

**Note 26: Depreciation and amortisation expense**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Depreciation of property, plant and equipment (refer Note 4(a)) | 9,016.44 | 8,299.28 |
| Amortisation of intangible assets (refer Note 4(c)) | 28.84 | 33.09 |
| Amortisation of right of use assets (refer Note 4(a)) | 0.44 | 0.44 |
| **Total depreciation and amortisation expense** | **9,045.72** | **8,332.81** |

**Note 27: Other expenses**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Consumption of stores and spare parts | 3,497.88 | 3,663.98 |
| Consumption of packing materials | 5,304.42 | 3,501.32 |
| Chemical consumed | 2,365.54 | 1,635.42 |
| Catalysts consumed | 471.75 | 202.61 |
| Payment to contractors for bagging and other services | 4,654.62 | 3,156.16 |
| Power and fuel | 7,016.15 | 6,258.49 |
| Water charges | 696.92 | 659.47 |
| Rent [refer note (ii) below] | 261.34 | 233.38 |
| Rates and taxes | 102.53 | 49.68 |
| Insurance | 1,385.93 | 1,352.87 |
| Repairs and maintenance: | | |
| Plant and machinery | 2,710.27 | 2,454.44 |
| Buildings | 718.02 | 550.02 |
| Others | 691.22 | 474.37 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Selling and distribution expenses: | | |
| Freight and handling | 30,116.85 | 28,696.27 |
| Warehouse rent | 333.51 | 565.67 |
| Commission | 811.22 | 1,075.32 |
| Publicity and sales promotion expenses | 780.52 | 713.04 |
| Other selling expenses | 525.21 | 394.60 |
| Travelling and conveyance expenses | 428.46 | 269.08 |
| Professional, consultancy and legal expenses | 462.74 | 417.85 |
| Corporate social responsibility expenditure | 565.77 | 502.86 |
| Donation | - | 11.87 |
| Payment to statutory auditors | 89.26 | 115.46 |
| Exchange differences (net) | 5,389.41 | - |
| Bad debts, claims and advances written off, net of provision of ₹ 301.34 (31 March 2021: ₹ 21.28) | 10.23 | - |
| Loss allowance | 2,095.78 | 764.91 |
| Loss on sale/discard of property, plant and equipment (net) | 1,289.42 | 689.90 |
| Miscellaneous expenses | 4,009.23 | 2,804.86 |
| **Total other expenses** | **76,784.20** | **61,213.90** |

| **(i) Auditors' remuneration** | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Statutory auditors | | |
| - Statutory audit | 22.00 | 22.00 |
| - Tax audit | 3.00 | 3.00 |
| - Other services | 55.00 | 86.00 |
| Reimbursement of expenses | 9.26 | 4.46 |
| | **89.26** | **115.46** |

**(ii) Leases**

**Short-term leases**

The Company leases office which are considered to be short-term leases as the agreement is for the period of 3 years, renewable by mutual consent. These leases are cancellable at the option of both the lessor and lessee.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Expenses relating to short-term leases | 261.34 | 233.38 |
| Total cash outflow for leases | 261.34 | 233.38 |

Lease payments for short-term leases not included in the measurement of the lease liability and are classified as cash flows from operating activities.

**Note 28: Earnings per share**

**A. Basic and diluted earnings per share**

| | | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|---|
| (i) | Profit for the year, attributable to the equity holders of the Company | 39,845.32 | 22,326.82 |
| (ii) | Weighted average number of equity shares - Nominal value of shares at ₹ 10 each ^ | 575,450,000 | 575,450,000 |
| (iii) | Earnings per share (Basic and Diluted) [(i)/ (ii)] | 6.91 | 3.88 |

^ The Board of Directors at their meeting held on 4 November 2020, approved the sub-division of each equity share of face value of ₹ 1,000 fully paid-up into 100 equity shares of face value of ₹ 10 each fully paid. The same was approved by the members on 01 June 2021 through e-voting.

In compliance with IND AS 33 "Earnings per share", the disclosure of earnings per share for the year ended 31 March 2021 has been arrived at after giving effect to the above sub-division.

**Note 29: Contingent liabilities (to the extent not provided for)**

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Subsidy withheld (refer Note (a) below) | 5,352.12 | 5,352.12 |
| Goods and services tax demand (refer Note (b) below) | 1,999.90 | 1,999.90 |
| Entry tax demand on imported raw materials including interest and penalty | 2,909.39 | 2,909.39 |
| Sales tax/VAT/CST demands (refer Note (c) below) | 10,589.33 | 10,589.33 |
| Central Excise demands for March 2011 | 236.91 | 234.14 |
| Service tax demand (refer note (d) below) | 134.59 | 134.59 |
| Custom duty and counterveiling duty (refer Note (e) below) | 109.97 | 109.97 |
| Income tax demands | 428.71 | 174.13 |
| Demand towards contribution to Water Conservation Fund | 2,322.50 | 2,322.50 |
| Others claims against the Company not acknowledged as debt (refer Note (f) below) | 3,308.03 | 2,815.71 |

**a) Subsidy withheld**

Department of Fertilizer, Government of India withheld the payment of subsidy on Imported DAP in one consignment amounting to ₹ 5352.12, being the subsidy amount including freight subsidy. The amount has been withheld on the basis of samples collected by the Department from Mundra Port which were reported to be deficient on account of water soluble P2O5 content as per Fertilizer Control Order (FCO) but there was no deficiency as regards to the nutrient content. The Company has represented to the Department of Fertilizers to re -examine the case on the following grounds – (a) Failure is on account of water solubility and not on account of nutrient content. The nutrient content on which the Nutrient Based Subsidy is paid meets the FCO specifications (b) Water Solubility is more than 85% of the total P2O5 (c) All precautions were taken at the load port on having an international recognized inspection agency based on which the goods were shipped and dispatched and (d) The intimation on the original sample failure as well as the referee sample failure were received long after materials were dispatched well beyond the dispatch of the material to various destinations. Based on the revised notification from GOI dated February 6, 2017, water soluble P2O5 content of DAP is revised to 39.5% instead of 41%. DAP import for which the amount withheld has water soluble content of 39.53%. Further, vide Notification no 3-9/2008 Fert Law dated 18 November 2011 in which Triple Super Phosphate (TSP) with total P2O5 content of 46% and water soluble content of only 36.8% has been allowed to be imported and paid subsidy for 46% of P2O5. Based on above, the Company has made a representation that as per revised notification, water soluble content is as per norms and further permitting a product with same total P2O5 and less water soluble P2O5 as standard and declaring a product imported by the Company with 39.53% as non- standard is not fair. The Company is confident to receive a favorable outcome.

**b) Goods and service tax demand**

Demand under GST Act in respect of erroneous refund of GST for the period July 2017 to January 2018 under inverted structure.

**c) Sales tax/VAT/CST demands**

Sales tax/VAT/CST demand includes the following:

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| CST demand for the FY 2005-06 due to rejection of Branch transfers and export sales | 10,420.51 | 10,420.51 |
| VAT demand for the year 2005-06 in Bihar region on account of VAT assessment | 37.69 | 37.69 |
| CST demand for Telangana for non-submission of declaration forms | 51.48 | 51.48 |
| VAT demand for Odisha due to input tax credit mismatch | 51.96 | 51.96 |
| VAT demand for Maharashtra due to input tax credit mismatch | 1.02 | 1.02 |
| CST demand for Maharashtra for non-submission of declaration forms. | 26.67 | 26.67 |
| | **10,589.33** | **10,589.33** |

**d) Service tax demands**

Service tax demands include service tax on mediation fee ₹ 45.79 for 31 March 2022 (31 March 2021: ₹ 45.79). Further it also includes service tax demad on water charges paid to State Government for the period April 16 to June 17 of ₹ 88.80 for 31 March 2022 (31 March 2021: ₹ 88.80).

**e) Custom duty and counterveiling duty**

CCountervailing Duty (CVD) paid and refund claimed on MOP and Sulphuric Acid, BCD on discount received and Custom duty on demurrage.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**f) Others claims against the Company not acknowledged as debt**

It includes the following:

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Penal interest on loan from Government of India, due to delay | 344.43 | 344.43 |
| Industrial dispute and miscellaneous labour cases pending at various forums at different stages of dispute. | 480.11 | 466.23 |
| Interest on water charges due to delay in payments | 2,243.65 | 1,769.10 |
| Others | 239.84 | 235.95 |
| | **3,308.03** | **2,815.71** |

Based on discussions with the solicitors / favorable decisions in similar cases / legal opinions taken by the Company, the management believes that the Company has a good chance of success in the above mentioned cases and hence, no provision is considered necessary. The above has been compiled based on the information and records available with the Company.

**Note 30: Commitments**

**Capital commitments**

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances | 68,250.97 | 14,164.08 |

**Note 31: Segment reporting**

**a. Basis of segmentation**

The Company's business activity falls within a single primary Operating Segment "Fertilizers and Other Trading Materials", and thus no further disclosures are required in accordance with Indian Accounting Standard (Ind AS)– 10 "Operating Segment"

**b. Geographic information**

The Company primarily operates in and therefore no geographical segment information has been provided herein

**Note 32: Disclosure pursuant to Indian Accounting Standard - 19 'Employee Benefits'**

**Gratuity**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on terms not lower than the amount payable under the Payment of Gratuity Act, 1976. The scheme is funded with Life insurance Corporation of India (LIC) in the form of qualifying insurance policy. The Company undertakes all the risk pertaining to the plan.

**Post Retirement medical benefit plan**

The Company has a defined benefit post retirement medical benefit plan, for its employees. The Company provides medical benefit to those employees who leave the services of the Company on retirement. As per the plan, retired employee and the spouse will be covered till the age of 85 years and the dependent children till they attain the age of 25 years. In case of death of retired employee, the spouse will be covered till the age of 85 years and the dependent children till they attain the age of 25 years. The plan is not funded by the Company.

**Provident fund**

The Company has set up provident fund trust wherein contributions are made and accordingly the same is considered as a defined benefit plan in accordance with Ind-AS 19, Employee Benefits, wherein provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan. During the current year, actuarial valuation of Provident Fund was carried out in accordance with the guidance note issued by the Institute of Actuaries.

(All amounts are in ₹ lakhs, unless otherwise stated)

**A. Defined contribution plan:**

The amount provided for defined contribution plans are follows:

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Pension Scheme | 135.93 | 139.62 |
| Superannuation Fund | 138.82 | 140.82 |
| National Pension Scheme | 87.48 | 74.31 |
| **Total** | **362.23** | **354.75** |

**B. Gratuity and other post-employment benefit plans:**

| Particulars | Ast at 31 March 2022 | Ast at 31 March 2021 |
|---|---|---|
| Gratuity Plan - (Liability) | (1,771.05) | (1,480.57) |
| Provident Fund - Asset * | 98.98 | 109.28 |
| Post retirement medical benefits plan - (Liability) | (166.03) | (63.05) |

*Plan assets has not been recognised in the financial statements, as the surplus of the trust is distributable among the beneficiaries of the provident fund trust.

**C. Other long term employee benefits:**

The amount provided for during the year is as follows:

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Leave encashment | (361.78) | 866.62 |

**D. Reconciliation of the net defined benefit (asset)/ liability**

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Gratuity plan:**

(All amounts are in ₹ lakhs, unless otherwise stated)

| Particulars | 31 March 2022 | | | 31 March 2021 | | |
|---|---|---|---|---|---|---|
| | Defined benefit obligation | Fair value of plan assets | Benefit (liability) | Defined benefit obligation | Fair value of plan assets | Benefit (liability) |
| **Balance at the beginning of the year** | (5,577.83) | 4,097.26 | (1,480.57) | (5,461.05) | 3,251.61 | (2,209.44) |
| **Included in Profit or loss** | | | | | | |
| Current service cost | (228.67) | - | (228.67) | (233.22) | - | (233.22) |
| Past service cost | - | - | - | - | - | - |
| Net interest expense/income | (370.66) | 272.28 | (98.39) | (373.82) | 222.58 | (151.24) |
| | **(599.33)** | **272.28** | **(327.06)** | **(607.04)** | **222.58** | **(384.46)** |
| **Included in OCI** | | | | | | |
| Return on plan assets (excluding amounts included in net interest expense) | - | (25.84) | (25.84) | - | 2.44 | 2.44 |
| Remeasurements loss (gain) due to experience adjustment | (27.97) | - | (27.97) | 231.39 | - | 231.39 |
| Changes in financial assumptions | 90.69 | - | 90.69 | (123.40) | - | (123.40) |
| Changes in demographic assumptions | - | - | - | - | - | - |
| | **62.72** | **(25.84)** | **36.88** | **107.99** | **2.44** | **110.43** |
| **Others** | | | | | | |
| Benefits paid | 614.55 | (614.55) | - | 379.37 | (379.37) | - |
| Contributions by employer | - | - | - | - | 1,000.00 | 1,000.00 |
| Other adjustments | (0.30) | - | (0.30) | 2.90 | - | 2.90 |
| **Balance at the end of the year** | **(5,500.19)** | **3,729.15** | **(1,771.05)** | **(5,577.83)** | **4,097.26** | **(1,480.57)** |

**Post retirement medical benefits plan:**

| Particulars | 31 March 2022 | | | 31 March 2021 | | |
|---|---|---|---|---|---|---|
| | Defined benefit obligation | Fair value of plan assets | Benefit (liability) | Defined benefit obligation | Fair value of plan assets | Benefit (liability) |
| **Balance at the beginning of the year** | (63.05) | - | (63.05) | (78.13) | - | (78.13) |
| **Included in Profit or loss** | | | | | | |
| Current service cost | - | - | - | - | - | - |
| Past service cost | - | - | - | - | - | - |
| Net interest expense/income | (4.18) | - | (4.18) | (5.23) | - | (5.23) |
| | **(4.18)** | **-** | **(4.18)** | **(5.23)** | **-** | **(5.23)** |
| Included in OCI | | | | | | |
| Return on plan assets (excluding amounts included in net interest expense) | - | - | - | - | - | - |
| Remeasurements loss (gain) due to experience adjustment | (101.55) | - | (101.55) | 20.58 | - | 20.58 |
| Changes in financial assumptions | 6.30 | - | 6.30 | (0.27) | - | (0.27) |
| Changes in demographic assumptions | (3.55) | - | (3.55) | - | - | - |
| | **(98.80)** | **-** | **(98.80)** | **20.31** | **-** | **20.31** |
| **Balance at the end of the year** | **(166.03)** | **-** | **(166.03)** | **(63.05)** | **-** | **(63.05)** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note 32: Disclosure pursuant to Indian Accounting Standard - 19 'Employee Benefits' (Continued)**

**Provident Fund:**

| Particulars | 31 March 2022 | | | 31 March 2021 | | |
|---|---|---|---|---|---|---|
| | **Defined benefit obligation** | **Fair value of plan assets** | **Benefit (liability)** | **Defined benefit obligation** | **Fair value of plan assets** | **Benefit (liability)** |
| **Balance at the beginning of the year** | (21,577.98) | 21,687.26 | 109.28 | (19,124.26) | 19,351.61 | 227.35 |
| **Included in Profit or loss** | | | | | | |
| Current service cost | (575.32) | - | (575.32) | (534.34) | - | (534.34) |
| Net interest expense/income | (1,396.59) | 1,403.28 | 6.69 | (1,670.77) | 1,644.89 | (25.88) |
| Return on plan assets (excluding amounts included in net interest expense) | - | 270.73 | 270.73 | - | 20.94 | 20.94 |
| Remeasurements loss (gain) due to experience adjustment | (355.69) | - | (355.69) | (113.86) | - | (113.86) |
| Changes in financial assumptions | 77.02 | - | 77.02 | - | - | - |
| Changes in demographic assumptions | - | - | - | - | - | - |
| | **(2,250.58)** | **1,674.01** | **(576.57)** | **(2,318.97)** | **1,665.83** | **(653.14)** |
| **Others** | | | | | | |
| Benefits paid | 2,951.33 | (2,951.33) | - | 1,702.63 | (1,702.63) | - |
| Contributions by employer | - | 558.05 | 558.05 | - | 534.34 | 534.34 |
| Contributions by participants | (1,222.67) | 1,222.67 | - | (1,189.96) | 1,189.96 | - |
| Other adjustments | (50.61) | 58.83 | 8.22 | (647.42) | 648.15 | 0.73 |
| **Balance at the end of the year** | **(22,150.51)** | **22,249.49** | **98.98** | **(21,577.98)** | **21,687.26** | **109.28** |

**E. Investment pattern in plan assets:**

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | **Gratuity Fund** | **Provident Fund** | **Gratuity Fund** | **Provident Fund** |
| Investment with insurers | 100.00% | 20.20% | 100.00% | 20.40% |
| Investment in government securities | - | 41.10% | - | 40.10% |
| Investment in corporate bonds | - | 33.30% | - | 35.00% |
| Investment in mutual funds | - | 0.90% | - | 0.40% |
| Investment in special deposit scheme | - | 4.30% | - | 4.10% |
| Investment in equity shares | - | 0.20% | - | 0.00% |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**F. Economic assumptions**

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| | % | % |
| **Discount rate:** | | |
| Gratuity plan | 7.10% | 6.65% |
| Post retirement medical benefits | 7.10% | 6.65% |
| Provident Fund | 7.10% | 6.65% |
| **Future salary increase:** | | |
| Gratuity plan | 8% for first two years and 6.50% thereafter | 8% for first two years and 6.50% thereafter |

**G. Sensitivity analysis**

**Gratuity plan:**

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| **Assumption: Discount rate** | | | | |
| Sensitivity level | 1% increase | 1% decrease | 1% increase | 1% decrease |
| Impact on defined benefit obligation | (297.02) | 332.61 | (320.17) | 359.07 |
| **Assumption: Future salary increase** | | | | |
| Sensitivity level | 1% increase | 1% decrease | 1% increase | 1% decrease |
| Impact on defined benefit obligation | 246.39 | (253.94) | 281.36 | (286.48) |

**Post retirement medical benefits plan:**

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| Assumption: Discount rate | | | | |
| Sensitivity level | 1% increase | 1% decrease | 1% increase | 1% decrease |
| Impact on defined benefit obligation | (13.01) | 14.94 | (5.01) | 5.77 |

(All amounts are in ₹ lakhs, unless otherwise stated)

**Provident Fund:**

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| Assumption: Interest rate guarantee | | | | |
| Sensitivity level | 1% increase | 1% decrease | 1% increase | 1% decrease |
| Impact on defined benefit obligation | 1,330.80 | (227.85) | 1,292.48 | (209.34) |

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Sensitivities due to mortality & withdrawals are not material and hence impact of change has not been calculated.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**H. Maturity Profile of Defined benefit obligation:**

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | **Gratuity Fund** | **Post retirement medical benefits plan** | **Gratuity Fund** | **Post retirement medical benefits plan** |
| Within next 12 months | 692.26 | 11.12 | 604.09 | 4.14 |
| Between 2 and 5 years | 3,256.91 | 48.01 | 2,947.79 | 17.84 |
| Between 6 and 10 years | 2,698.03 | 66.30 | 3,091.17 | 24.32 |
| Beyond 10 Years | 2,518.29 | 180.80 | 2,519.62 | 65.21 |

The weighted average duration of the defined benefit plan obligation relating to gratuity at the end of the reporting year is 6 years ( 31 March 2021: 6 years).

The Company expects to contribute ₹ 335.89 (31 March 2021: ₹ 292.91) and ₹ 703.43 (31 March 2021: ₹ 596.72) to gratuity trust and provident fund trust respectively in the next financial year.

**I. Risk exposure**

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary overtime. Thus, the Company is exposed to various risks in providing the above defined benefit which are as follows:

| | |
|---|---|
| Interest rate risk | The present value of defined benefit obligation is determined using the discount rate based on the market yield prevailing at the end of the reporting period on Government Bonds. A decrease in yield will increase the fund liabilities and vice-versa. |
| Investment Risk | This may arise from volatility in the assets value due to market fluctuation and impairment of assets due to credit losses. These plan assets are invested with LIC - the valuation of which is inversely proportional to the interest rate movements. |
| Inherent risk | The plan is defined benefit in nature which is sponsored by the Company and hence it underwrites all the risk pertaining to the plan. In particular, this exposes the Company, to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to longevity risk. |
| Salary escalation risk | The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability. |
| Withdrawal risk | Deviations in actual withdrawal than assumed withdrawals and change of withdrawal rates at subsequent valuation can impact plan liability. |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Note 33: Related Party Disclosure**

**A. Name of Related Parties**

**Holding Company**

Zuari Maroc Phosphates Private Limited

**Joint Venturer of the Holding Company**

Zuari Agro Chemicals Limited

OCP S.A., Morocco

**Subsidiary of the Joint Venturer of the Holding Company**

Mangalore Chemicals and Fertilizers Limited

Zuari FarmHub Limited

**Party having significant influence**

Indian Furniture Products Limited

Zuari Global Limited

Zuari Management Services Limited

Zuari Insurance Broker Limited

Zuari Infraworld India Limited

Zuari Rotem Speciality Fertilizers Limited

Simon India Limited

Phosphates De Boucraa SA

Pakistan Maroc Phosphore

Jorf Fertilizer SA

Adventz Finance Private Limited

**Joint Venture of Joint Venturer of the Holding Company**

Indo Maroc Phosphare S.A. Morocco

**Associate of the Company**

Zuari Yoma Agri Solutions Limited (w.e.f. 15 June 2018)

**Key Managerial Personnel**

Mr. N. Suresh Krishnan, Managing Director (w.e.f. 16 February 2020)

Mr. Ranjit Singh Chugh, Chief Operating Officer (upto 31 December 2021)

Mr. Sableel Nandy, President & Chief Operating Officer (w.e.f. 1 August 2020)

Mr. Sailesh Pati, Chief Financial Officer (upto 10 August 2021)

Mr. Bijoy Kumar Biswal, Chief Financial Officer (w.e.f. 31 January 2022)

Mr. Sisir Kumar Mishra, Company Secretary (w.e.f. 9 August 2019 up to 31 August 2020)

Mr. Sachin Patil, Company Secretary (w.e.f. 4 November 2020)

**Directors**

Mr. S. K. Poddar, Chairman

Mrs. Ghislane Guedira, Director (upto 24 May 2021)

Mr. Harvinder Singh, Director - GOI- (w.e.f. 10 April 2018 up to 20 April 2020)

Mr. Mohamed Belhoussain, Director (upto 21 January 2021)

Mr. Karim Lotfi Senhadji, Director (w.e.f. 31 January 2022)

Mr. Vinay Kumar Pandey, Director – GOI (w.e.f. 20 April 2020 upto 29 July 2021)

Mr. Ujjwal Kumar, Director (w.e.f. 10 November 2021)

Ms. Kiran Dhingra, Independent Director

Mr. Marco P.A. Wadia, Independent Director

Mr. Satyananda Mishra, Independent Director (w.e.f. 4 November 2020)

Mr. Dipankar Chatterji, Independent Director (w.e.f. 3 August 2021)

Mr. Subhrakanta Panda (w.e.f. 31 January 2022)

**Enterprise where Director is interested**

Lionel India Limited

Texmaco Rail & Engineering Limited

**Employee benefit trust**

PPL Employee's Provident Fund

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**B. Transactions *:**

(All amounts are in ₹ lakhs, unless otherwise stated)

| Name of Related Party | Sl. No. | Nature of Transactions | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|---|---|
| Indo Maroc Phosphare S.A. Morocco | a) | Purchase of raw materials (Phosphoric acid) | 136,777.72 | 60,651.18 |
| | b) | Other expenses (Demurrage Expenses) | 233.04 | 168.66 |
| | c) | Other expenses (Demurrage Written back) | 0.82 | - |
| | d) | Other expenses (Claims Written off) | 6.58 | - |
| | e) | Interest | - | 30.04 |
| OCP S.A., Morocco | a) | Purchase of raw materials (Rock phosphate) | 84,098.67 | 23,031.23 |
| | b) | Purchase of raw materials (Phosphoric acid) | 25,235.90 | 33,779.44 |
| | c) | Purchase of stock-in-trade (Imported DAP) | 25,728.30 | 4,739.44 |
| | d) | Other expenses (Demurrage expenses) | 100.17 | 26.84 |
| | e) | Other expenses (Demurrage Written back) | - | 1.17 |
| | f) | Interest | - | 4.90 |
| Pakistan Maroc Phosphore SA | a) | Interest | - | 4.05 |
| Phosphates De Boucraa S.A | a) | Purchase of raw materials (Rock phosphates) | 77,048.68 | 65,845.93 |
| | b) | Other expenses (Demurrage Expenses) | 11.73 | 74.63 |
| | c) | Interest | 9.04 | 15.20 |
| Jorf Fertiliser SA | a) | Purchase of raw materials (Phosphoric acid) | - | 2,363.66 |
| | b) | Interest | - | 5.08 |
| | c) | Purchase of stock-in-trade (Imported DAP) | 65,317.70 | 19,658.16 |
| | d) | Other expenses (Demurrage Expenses) | - | 20.44 |
| Zuari Agro Chemicals Limited | a) | Sale of fertilizers and highsea sale | 1,462.55 | 3,365.52 |
| | b) | Sale of phosphoric acid and muriate of phosphate | 29,645.79 | 48,148.04 |
| | c) | Purchase of raw material for Tolling | 5,989.20 | - |
| | d) | Purchase of stock-in-trade | 21,108.05 | 30,606.07 |
| | e) | Other Expenses (Recovery of reimbursement of expenses) | 2,436.95 | 17.56 |
| | f) | Other expenses (Branding commission) | 207.96 | 536.24 |
| | g) | Other expenses (Exchange loss) | 6.94 | 20.43 |
| | h) | Other expenses (Tolling exp) | 439.99 | - |
| | i) | Other expenses (Tolling related exp) | 6.14 | - |
| Zuari FarmHub Limited | a) | Sale of fertilizers | 12,219.70 | - |
| | b) | Other Expenses (Reimbursement of expenses) | 10.28 | - |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

| Name of Related Party | Sl. No. | Nature of Transactions | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|---|---|
| Simon India Limited | a) | Purchase of fixed asset | 16.00 | - |
| | b) | Other Expenses (Reimbursement of expenses) | 68.08 | 104.65 |
| Zuari Global Limited | a) | Other Expenses (Reimbursement of expenses) | - | 215.22 |
| Zuari Management Services Limited | a) | Other Expenses (Reimbursement of expenses) | 439.78 | 519.49 |
| Mangalore Chemicals and Fertilizers Limited | a) | Sale of fertilizer and sulphuric acid | 912.95 | - |
| | b) | Purchase of stock-in-trade (fertilizers) | - | 343.90 |
| | d) | Other income (Interest income on receivable) | 1.50 | 6.86 |
| | e) | Other expenses (Branding commission) | 2.06 | - |
| | f) | Other Expenses (Reimbursement of expenses) | 0.19 | 12.54 |
| | g) | Other expenses | - | 5.82 |
| Lionel India Limited | a) | Other expenses (Purchase of air ticket) | 66.74 | 20.87 |
| Texmaco Rail & Engineering Limited | a) | Other Expenses (Reimbursement of expenses) | - | 3.95 |
| Adventz Finance Private Limited | a) | Other Expenses (Reimbursement of expenses) | 58.92 | 61.81 |
| Zuari Maroc Phosphates Private Limited | a) | Other Expenses (Reimbursement of expenses) | 270.67 | 3.67 |
| PPL Employee's Provident Fund | a) | Employee benefits expense (Contribution to provident fund) | 558.05 | 534.34 |
| Mr N Suresh Krishnan | a) | Managerial remuneration * | 384.97 | 227.21 |
| Mr Sunil Sethy | a) | Managerial remuneration * | - | 26.65 |
| Mr Ranjit Singh Chugh | a) | Remuneration * | 207.13 | 172.33 |
| Mr Sableel Nandy | a) | Remuneration * | 131.00 | - |
| Mr Sailesh Pati | a) | Remuneration * | 41.55 | 65.07 |
| Mr Bijoy Kumar Biswal | a) | Remuneration * | 10.27 | - |
| Mr Sisir Kumar Mishra | a) | Remuneration * | 1.58 | 13.31 |
| Mr Sachin Patil | a) | Remuneration * | 13.51 | 7.53 |
| Mr Kiran Dhingra | a) | Director Sitting Fee | 4.30 | 3.95 |
| Mr Marco P.A. Wadia | a) | Director Sitting Fee | 4.30 | 3.95 |
| Mr Satyananda Mishra | a) | Director Sitting Fee | 2.75 | 0.80 |
| Mr Dipankar Chatterjee | a) | Director Sitting Fee | 1.60 | - |

* The remuneration to the key managerial personnel does not include the provision made for gratuity and leave benefits as these are determined on the basis of actuarial valuation report for the Company as a whole.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**C. Balance outstanding**

| Name of Related Party | Sl. No. | Nature of Transactions | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|---|---|
| Indo Maroc Phosphare S.A. Morocco | a) | Trade payables - Purchase of raw material | 31,641.95 Cr | 7,879.42 Cr |
| | b) | Claims receivable | 3.523.59 Dr | 388.72 Dr |
| OCP S.A., Morocco | a) | Trade Payable - Purchase of raw material (net of claims settled & received) | 31,498.30 Cr | 22,867.21 Cr |
| | b) | Claims receivable | 13.501.95 Dr | 7,265.06 Dr |
| | c) | Trade payables - Reimbursement of expenses | 0.76 Dr | 0.76 Dr |
| Pakistan Maroc Phosphore SA | a) | Trade payables - Purchase of raw material | 9.06 Cr | 8.73 Cr |
| Phosphates De Boucraa S.A | a) | Trade Payables - Purchase of raw material | 12,264.45 Cr | 13,953.97 Cr |
| | b) | Claims receivable | 15,309.46 Dr | 7,975.65 Dr |
| Jorf Fertiliser SA | a) | Trade Payables - Purchase of raw material | 88.75 Cr | 85.61 Cr |
| | b) | Trade Payables - Purchase of traded material | 34,744.42 Cr | 20.44 Dr |
| | c) | Claims receivable | 248.56 Dr | 239.76 Dr |
| Zuari Yoma Agri Solutions Limited | a) | Purchase of ordinary shares | 365.60 Dr | 365.60 Dr |
| | b) | Other receivable - Reimbursement of expenses | 56.18 Dr | 56.18 Dr |
| Zuari Agro Chemicals Limited | a) | Trade receivables - Sale of fertilizers | - | 34,524.20 Dr |
| | b) | Other current assets | - | 17,541.97 Dr |
| | c) | Trade Payables - Purchase of stock-in-trade | - | 629.63 Cr |
| | d) | Trade payables - Demurrage | - | 21.68 Dr |
| | e) | Trade Payable - Discount | - | 1,168.00 Dr |
| | f) | Purchase of Goa plant | 112,632.27 Dr | - |
| | g) | Trade receivables - Bank charges(net) | - | 18.36 Dr |
| | h) | Interest receivables | - | 2,549.67 Dr |
| | i) | Trade payables - Reimbursement of expenses | - | 909.37 Cr |
| | j) | Trade payables - Branding commission | - | 1,001.98 Cr |
| | k) | Trade Payable - Exchange loss | - | 2.04 Cr |
| | l) | Trade Payable - Purchase of fertilizer | - | 7.67 Dr |
| | m) | Trade Payable - Purchase of seeds | - | 90.45 Dr |
| Zuari FarmHub Limited | a) | Trade receivables - Sale of Fertilizers | 2,502.61 Dr | 660.59 Dr |
| Simon India Limited | a) | Capital advance - Purchase of fixed asset | 24.19 Dr | 24.19 Dr |
| | b) | Retention money | 42.53 Cr | 42.53 Cr |
| | c) | Trade Payable - Reimbursement of expenses | 0.17 Dr | 15.69 Cr |
| Zuari Management Services Limited | a) | Trade Payables - Reimbursement of expenses | 47.48 Cr | 43.50 Cr |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| Name of Related Party | Sl. No. | Nature of Transactions | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|---|---|
| Zuari Infraworld India Limited | a) | Advance to vendors - Reimbursement of expenses | 1.34 Dr | 1.34 Dr |
| Mangalore Chemicals and Fertilizers Limited | a) | Trade Payables - Purchase of fertilizer | - | 76.49 Dr |
| | b) | Interest receivables | - | 7.07 Dr |
| | c) | Trade Payables - Reimbursement of expenses | - | 12.54 Dr |
| | d) | Trade payables - Other expenses | 0.22 Cr | 1.25 Cr |
| Lionel India Limited | a) | Trade payables - Purchase of air ticket | 11.11 Cr | 2.48 Cr |
| Adventz Finance Private Limited | a) | Security deposit | 42.00 Dr | 42.00 Dr |
| Zuari Maroc Phosphates Private Limited | a) | Other receivable | 270.67 Dr | - |
| PPL Employee's Provident Fund | a) | Contribution to provident fund | 46.28 Cr | 46.36 Cr |
| Mr N Suresh Krishnan | a) | Managerial remuneration | 34.29 Cr | 39.65 Cr |
| Mr Ranjit Singh Chugh | a) | Remuneration | - | 24.59 Cr |
| Mr Sableel Nandy | a) | Remuneration | 12.53 Cr | - |
| Mr Sailesh Pati | a) | Remuneration | - | 8.24 Cr |
| Mr Bijoy Kumar Biswal | a) | Remuneration | 5.53 Cr | - |
| Mr Sisir Kumar Mishra | a) | Remuneration | - | 0.06 Cr |
| Mr Sachin Patil | a) | Remuneration | 1.51 Cr | 2.36 Cr |

**Note 34: Financial instruments - Fair value of financial assets and financial liabilities**

**(a) Accounting classifications and fair values:**

| | Fair Value Hierarchy | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|---|
| Derivative financial liabilities | Level 2 | - | 1,591.54 |
| Investments | Level 2 | 55,036.14 | 12,204.00 |
| Derivative financial assets | Level 2 | 453.37 | - |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

| Particulars | As at 31 March 2022 | | | As at 31 March 2022 | | |
|---|---|---|---|---|---|---|
| | FVTPL | FVOCI | Amortised cost* | Level 1 | Level 2 | Level 3 |
| **Current financial assets** | | | | | | |
| Trade receivables | - | - | 90,247.54 | - | - | - |
| Cash and cash equivalents | - | - | 53,784.10 | - | - | - |
| Other bank balances | - | - | 5,987.37 | - | - | - |
| Other current financial assets | | | | | | |
| Derivative financial asset | 453.37 | - | - | - | 453.37 | - |
| Claims receivable | - | - | 33,032.80 | - | - | - |
| Investments | 55,036.14 | - | - | - | 55,036.14 | - |
| Interest receivable on deposits, receivables etc | - | - | 31.34 | - | - | - |
| Other receivables from related parties | - | - | 326.85 | - | - | - |
| **Total financial assets** | **55,489.51** | **-** | **183,410.00** | **-** | **55,489.51** | **-** |
| **Financial liabilities** | | | | | | |
| **Non-current financial liabilities** | | | | | | |
| Borrowings | - | - | 52,817.08 | - | - | - |
| Other non-current financial liabilities | - | - | 286.71 | - | - | - |
| **Current financial liabilities** | | | | | | |
| Borrowings | - | - | 242,612.49 | - | - | - |
| Trade and other payables | - | - | 231,940.37 | - | - | - |
| Derivatives financial liabilities | - | - | - | - | - | - |
| Security deposits | - | - | 3,166.26 | - | - | - |
| **Total financial liabilities** | **-** | **-** | **530,822.91** | **-** | **-** | **-** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

| Particulars | As at 31 March 2021 | | | As at 31 March 2021 | | |
|---|---|---|---|---|---|---|
| | FVTPL | FVOCI | Amortised cost* | Level 1 | Level 2 | Level 3 |
| **Current financial assets** | | | | | | |
| Trade receivables | - | - | 115,559.36 | - | - | - |
| Cash and cash equivalents | - | - | 9,152.45 | - | - | - |
| Other bank balances | - | - | 167.32 | - | - | - |
| Other current financial assets | | | | | | |
| Claims receivable | - | - | 16,928.58 | - | - | - |
| Investments | 12,204.00 | - | - | - | 12,204.00 | - |
| Interest receivable on deposits, receivables etc | - | - | 2,607.14 | - | - | - |
| Other receivables from related parties | - | - | 56.18 | - | - | - |
| **Total financial assets** | **12,204.00** | **-** | **144,471.03** | **-** | **12,204.00** | **-** |
| **Financial liabilities** | | | | | | |
| **Non-current financial liabilities** | | | | | | |
| Borrowings | - | - | 11,341.13 | - | - | - |
| Other non-current financial liabilities | - | - | 10.05 | - | - | - |
| **Current financial liabilities** | | | | | | |
| Borrowings | - | - | 113,776.12 | - | - | - |
| Trade and other payables | - | - | 97,807.00 | - | - | - |
| Derivatives financial liabilities | 1,591.54 | - | - | - | 1,591.54 | - |
| Security deposits | - | - | 2,800.27 | - | - | - |
| **Total financial liabilities** | **1,591.54** | **-** | **225,734.57** | **-** | **1,591.54** | **-** |

* The carrying amounts of these financial instruments are a reasonable approximation of their fair value.

The fair value of investments in mutual funds is based on the net asset value (NAV) as stated by the issuers of these mutual fund units in the published NAV statements as at the Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which the issuer will redeem such units from the investors.

The fair value of derivatives is determined using quoted forward exchange rates at the reporting date.

There has been no transfer between level 1, level 2 and level 3 during the year.

(All amounts are in ₹ lakhs, unless otherwise stated)

**(b) Class of the carrying amounts and fair value of the Company's financial instruments:**

| Particulars | Carrying value | | Fair value | |
|---|---|---|---|---|
| | As at 31 March 2022 | As at 31 March 2021 | As at 31 March 2022 | As at 31 March 2021 |
| **Financial assets** | | | | |
| Investments | 55,036.14 | 12,204.00 | 55,036.14 | 12,204.00 |
| **Others:** | | | | |
| Derivative financial assets | 453.37 | - | 453.37 | - |
| **Total financial assets** | **55,489.51** | **12,204.00** | **55,489.51** | **12,204.00** |
| **Financial liabilities** | | | | |
| **Borrowings** | | | | |
| Long term borrowings (Floating rate) | 52,817.08 | 11,341.13 | 52,817.08 | 11,341.13 |
| **Others:** | | | | |
| Derivative financial liabilities | - | 1,591.54 | - | 1,591.54 |
| Employee related dues | 286.71 | 10.05 | 286.71 | 10.05 |
| **Total financial liabilities** | **53,103.79** | **12,942.72** | **53,103.79** | **12,942.72** |

The management assessed that cash and cash equivalents, other bank balance, trade receivables, other current financial assets (except derivative financial assets), trade payables, short term borrowings and other current financial liabilities (except derivative financial liabilities) approximate their fair value largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**Note 35: Financial risk management objectives 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 trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also enters into derivative contracts. The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's risk management is carried out by treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks. The Board of Directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

**A 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 from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

**Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the guidelines framed by the board of directors of the Company. Guidelines broadly covers the selection

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

criterion and over all exposure which the Company can take with a particular financial institution or bank. Further the guideline also covers the limit of overall deposit which the Company can make with a particular bank or financial institution. The Company does not maintain the significant amount of cash and deposits other than those required for its day to day operations.

**Trade receivables**

The Company receivables can be classified into two categories, one is from the customers into the market and second one is from the Government in the form of subsidy. As far as Government portion of receivables are concerned, credit risk is nil. For market receivables from the customers, 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 extension 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 low, as its customers are located in several jurisdictions and operate in largely independent markets. The Company has also taken security deposits from its customers, which mitigates the credit risk to some extent.

| Reconciliation of loss allowance on: | Trade receivables amount | Other financial assets amount |
|---|---|---|
| Balance as at 1 April 2020 | 2,826.58 | 209.79 |
| Movement during the year | 652.43 | - |
| Balance as at 31 March 2021 | **3,479.01** | **209.79** |
| Movement during the year | 1,036.02 | - |
| **Balance as at 31 March 2022** | **4,515.03** | **209.79** |

## B Liquidity risk

The Company's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements at all times. The Company relies on a mix of borrowings and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium/ long term expansion needs. The Company monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at 31 March 2022:

| Particulars | Carrying amount | Less than 1 year | 1-5 Years | > 5 years |
|---|---|---|---|---|
| Trade payables | 227,339.87 | 227,339.87 | - | - |
| Borrowings (including current maturities of non-current borrowings) | 295,429.57 | 242,612.49 | 52,817.08 | - |
| Other financial liabilities | 8,053.47 | 7,766.76 | 286.71 | - |
| **Total** | **530,822.91** | **477,719.12** | **53,103.79** | **-** |

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at 31 March 2021:

| Particulars | Carrying amount | Less than 1 year | 1-5 Years | > 5 years |
|---|---|---|---|---|
| Trade payables | 93,953.17 | 93,953.17 | - | - |
| Borrowings (including current maturities of non-current borrowings) | 125,117.25 | 113,776.12 | 11,341.13 | - |
| Other financial liabilities | 8,255.69 | 8,255.69 | - | - |
| **Total** | **227,326.11** | **215,984.98** | **11,341.13** | **-** |

**C 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 commodity risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant. The analysis exclude the impact of movements in other market variables. Refer sensitivity analyses below.

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 31 March 2022 and 31 March 2021.

**(a) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

**Sensitivity analysis**

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates of various currencies with INR, with all other variables held constant. The impact on the Company's profit before tax and equity is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. Refer Note 37 for details on foreign currency exposure.

| Particulars | Profit and loss | |
|---|---|---|
| | As at 31 March 2022 | As at 31 March 2021 |
| INR/USD strengthening [5% movement] | (2,512.15) | (1,550.13) |
| INR/USD weakening [5% movement] | 2,512.15 | 1,550.13 |
| INR/EURO strengthening [5% movement] | (361.37) | - |
| INR/EURO weakening [5% movement] | 361.37 | - |

**(b) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages fund requirements and performs sensitivity analysis to keep interest rate risk within limits.

**Sensitivity analysis**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax and equity is affected through the impact on floating rate borrowings, as follows:

| Particulars | Profit and loss | |
|---|---|---|
| | As at 31 March 2022 | As at 31 March 2021 |
| **INR Borrowings** | | |
| Variable rate instruments - increase by 50 basis points | (478.02) | (94.75) |
| Variable rate instruments - decrease by 50 basis points | 478.02 | 94.75 |
| **Foreign Currency Borrowings-USD** | | |
| Variable rate instruments - increase by 50 basis points | (999.13) | (530.84) |
| Variable rate instruments - decrease by 50 basis points | 999.13 | 530.84 |

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**(c) Commodity price risk**

The Company's operating activities require the ongoing purchase of rock phosphates, phosphoric acid, sulphur and mauratic potash. All being international commodities is subject to price fluctuation on account of the change in the demand supply pattern and exchange rate fluctuations. The Company is not affected by the price volatility of the raw materials as government on a time to time basis, revises the subsidy rates payable to the fertilizer industry based on the market trend.

**Note 36: Capital management**

For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital keeping in view the adequate interest and debt service coverage ratio.

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 year.

**Note 37: Unhedged foreign currency exposure**

(a) Forward contract outstanding as at 31 March 2022, against import of goods is ₹ 305,346.85 (31 March 2021: ₹ 123,889.36).

(b) Details of un-hedged foreign currency exposure as on the Balance Sheet date are as follows:

| | As at 31 March 2022 | | | As at 31 March 2021 | | |
|---|---|---|---|---|---|---|
| | **(USD in million)** | **(EURO in million)** | **(₹ In lakhs)** | **(USD in million)** | **(EURO in million)** | **(₹ In lakhs)** |
| **Liabilities:** | | | | | | |
| Trade Payable and Creditors for Property Plant and Equipment (including acceptance) | 100.32 | 8.58 | 83,266.02 | 38.46 | - | 28,121.66 |
| Short term borrowings- Buyers and Suppliers Credit | 9.26 | - | 7,019.06 | 26.60 | - | 19,448.37 |
| Other Interest accrued but not due on borrowings | 0.29 | - | 218.08 | 0.09 | - | 67.86 |
| **Assets:** | | | | | | |
| Claims receivable | 43.58 | - | 33,032.80 | 22.75 | - | 16,635.37 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ lakhs, unless otherwise stated)

**Note 38: Reconciliation of liabilities from financing activities.**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Balance at the beginning of the year | | |
| - Non-current borrowings | 11,341.13 | 13,942.24 |
| - Current borrowings | 113,776.12 | 215,852.78 |
| Cash flows | | |
| - Proceeds/(Repayment) of non-current borrowings | 50,636.76 | (3,000.00) |
| - Proceeds/(Repayment) of current borrowings | 112,249.38 | (97,624.85) |
| Non-cash changes - represents foreign exchange fluctuation and unwinding of interest | 7,426.18 | (4,052.92) |
| Balance at the end of the year | | |
| - Non-current borrowings | 52,817.08 | 11,341.13 |
| - Current borrowings | 242,612.49 | 113,776.12 |

**Note 39: Additional information pursuant to paragraph 2 of Division II of Schedule III to the Companies Act 2013- 'General instructions for the preparation of Consolidated Financial Statements of Division II of Schedule III**

**As at and for the period 31 March 2022**

| Name of the Company | Net assets i.e. total assets minus total liabilities | | Share in Profit or Loss | | Share in Other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consoli-dated Net Assets | Amount | As % of consoli-dated Profit or Loss | Amount | As % of consoli-dated Other compre-hensive income | Amount | As % of consoli-dated total compre-hensive income | Amount |
| **Company** | | | | | | | | |
| Paradeep Phosphates Limited | 100.03% | 222,575.92 | 99.85% | 39,784.20 | 48.00% | (46.34) | 99.97% | 39,737.86 |
| **Associate** | | | | | | | | |
| Zuari Yoma Agri Solutions Limited | 0.13% | 289.43 | 0.15% | 61.12 | 62.60% | (60.44) | 0.00% | 0.68 |
| Adjustments arising out of consolidation | -0.16% | (365.61) | 0.00% | - | -10.60% | 10.23 | 0.03% | 10.23 |
| **Total** | **100%** | **222,499.74** | **100%** | **39,845.32** | **100%** | **(96.55)** | **100%** | **39,748.77** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**As at and for the period 31 March 2021**

| Name of the Company | Net assets i.e. total assets minus total liabilities | | Share in Profit or Loss | | Share in Other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consoli-dated Net Assets | Amount | As % of consoli-dated Profit or Loss | Amount | As % of consoli-dated Other compre-hensive income | Amount | As % of consoli-dated total compre-hensive income | Amount |
| **Company** | | | | | | | | |
| Paradeep Phosphates Limited | 100.05% | 182,838.06 | 100.09% | 22,346.32 | 120.11% | 85.05 | 100.16% | 22,431.37 |
| **Associate** | | | | | | | | |
| Zuari Yoma Agri Solutions Limited | 0.15% | 278.52 | -0.09% | (19.50) | -5.73% | (4.05) | -0.11% | (23.55) |
| Adjustments arising out of consolidation | -0.20% | (365.61) | 0.00% | - | -14.38% | (10.19) | -0.05% | (10.19) |
| **Total** | **100%** | **182,750.97** | **100%** | **22,326.82** | **100%** | **70.81** | **100%** | **22,397.63** |

**Note 40**

a) The Company, in an earlier year, had received an Arbitration Award in its favour in the matter of Cargo Charges Tariff dispute with Paradeep Port Trust (PPT) for the years 1993–1999. PPT in earlier year had appealed with the higher authorities against such award which was confirmed by the Appellate Authority. However, as against the above order, the PPT went into further appeal with the Hon'ble High Court of Odisha and the High Court in its interim order directed the Company not to execute award at this stage. The Company has not recognized this award as income in the Statement of Profit and Loss.

b) Paradeep Port Trust (PPT) proposed a revision in scale of rates applicable to the Company for cargo handling in the captive berth w.e.f. 1 April 1999. The matter was referred to Tariff Authority of Major Ports (TAMP) on mutual consent of the parties under the direction of Hon'ble High Court of Odisha. During the previous year, TAMP had finalized the rates, but PPT had not agreed with the order and proceeded with a writ petition before the Hon'ble High Court of Odisha against the said order. Pending disposal of the case, the Company has not recognized the amount receivable from PPT towards the excess amount paid over the applicable TAMP order.

**Note 41**

During the year, a sum of ₹ 112.46 (31 March 2021: ₹ 151.28) including capital expenditure of ₹ 0.76 (31 March 2021: ₹ 59.02) was spent on research and development (excluding depreciation charge).

**Note 42**

a) The Company, has not entered into any transactions with struck off companies, during the year ended 31 March 2022 (previous year ended 31 March 2021).

b) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Further, no funds that have been received by the Company from any person(s) or entity(is), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**Note 43**

The Company, as on 1 March 2021, had entered into a Business Transfer Agreement ('BTA') with Zuari Agro Chemicals Limited for acquisition of Goa plant and allied business of Zuari Agro Chemicals Limited (ZACL) on a slump sale basis. Pursuant to the BTA, the Company advanced ₹ 112,632.27 lakhs (including receivable of ₹ 72,732.27 lakhs) which is proposed to be adjusted against the purchase consideration payable to ZACL on consummation of the BTA.

**Note 44**

The Company has considered the possible risk that may result from the pandemic relating to COVID-19 and expects to recover the carrying amount of all its assets including inventories, receivables, investments and other financial and non-financial assets in the ordinary course of business based on internal and external information available upto the date of these financial results. The Company is continuously monitoring any material changes in future economic conditions.

**Note 45:** The Consolidated Financial Statements were approved for issue by the board of directors on 28 May 2022.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

**Jayanta Mukhopadhyay**
Partner
Membership No: 055757

Place: Mumbai
Date:- 28 May 2022

For and on behalf of the Board of Directors of
**Paradeep Phosphates Limited**
CIN: U24129OR1981PLC001020

**N. Suresh Krishnan**
Managing Director
DIN: 00021965

Place: Mumbai
Date:- 28 May 2022

**S.K. Poddar**
Chairman
DIN: 00008654

Place: Dubai
Date:- 28 May 2022

**Sachin Patil**
Company Secretary

Place: Mumbai
Date:- 28 May 2022

**Bijoy Kumar Biswal**
Chief Financial Officer

Place: Mumbai
Date:- 28 May 2022

Paradeep Phosphates Limited

**Registered Office**

5th Floor, Bayan Bhavan, Pandit Jawaharlal Nehru Marg,
Bhubaneswar - 751 001, Odisha.

**The Address for Correspondence/ Corporate Office**

Company Secretary,
Paradeep Phosphates Limited
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Union Street, Off Cubbon Road
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