Customer First,
now and forever

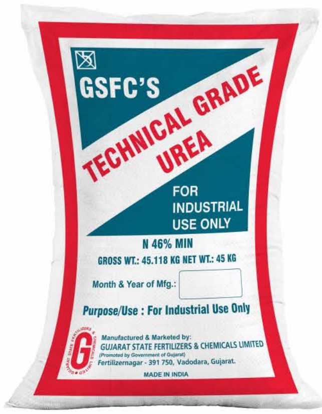
GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

58th ANNUAL REPORT
2019-2020

# Transformation First, Now and Forever

We undertake new initiatives continuously to reinforce our growing strides. The noteworthy initiatives undertaken in the financial year 2019-20 can be summarised as:

## Melanine-III and Technical Grade Urea (TGU)




GSFC expanded its Melamine capacity by setting up a new 40000 MTPA Melamine production unit with integrated Molten Urea producing unit of 50000 MTPA with feedstock of fresh liquid ammonia and gaseous carbon dioxide. The Plant was commissioned on 15$^{th}$ January, 2019. Commercial production was achieved on 11$^{th}$ March, 2019. The Melamine is packed in bags of 25 kg and Jumbo bags of 500 kg and 1000 kg as per the market requirement.

The excess Urea solution (70%) produced at OGT section of Melamine-III Plant is further processed to produce Technical Grade Urea (TGU) at Urea-I plant in prilled form and it is packed in 45 kg bags. The specification of TGU is in line with DEF grade (Diesel Exhaust Fluid grade). The Technical Grade Urea production was started on 10$^{th}$ January, 2020 and the first batch was dispatched in the market on 23$^{rd}$ January, 2020.

## Logistic Automation

We are going to implement

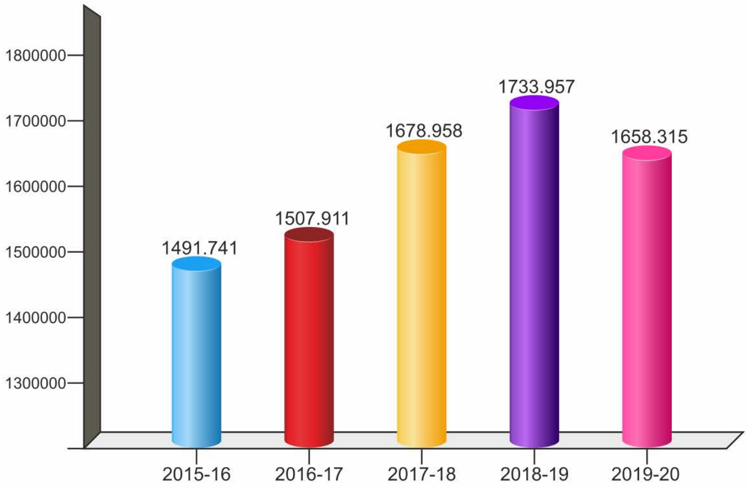
1. Semi-automatic Wagon Loading system for rake loading at Sikka Unit (SU) and Baroda Unit (BU): Technical study is in progress at Sikka Unit (SU) and Baroda Unit (BU), the tenders for belt conveyors have been floated.
2. Telescopic belt conveyors for truck loading: Tenders have been floated and shall be implemented soon.

## Sagarmala Project

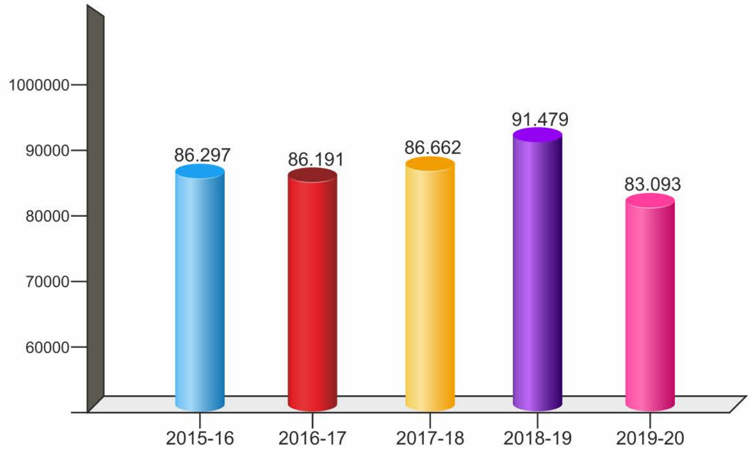
We have successfully started the dispatch of fertilizers in containers through the coastal route from 19$^{th}$ December, 2019 onwards. This new initiative has been covered under the Sagarmala Project by the Government of India and guidance issued by the Department of Fertilizer.

# Performance highlights

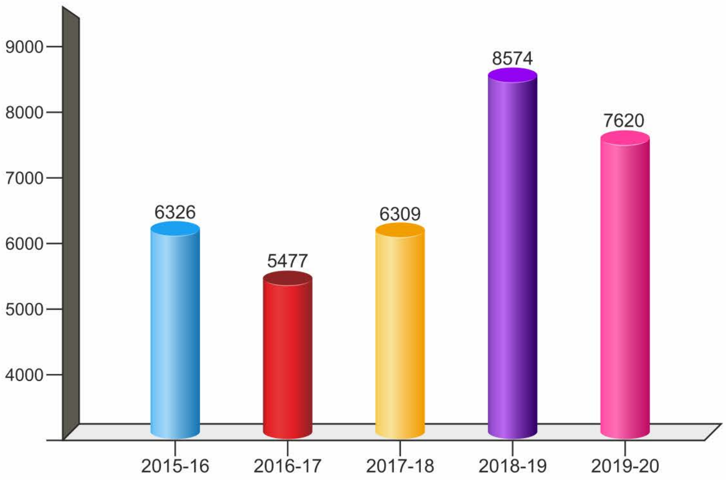
Production (Fertilizers)
in 000 MT



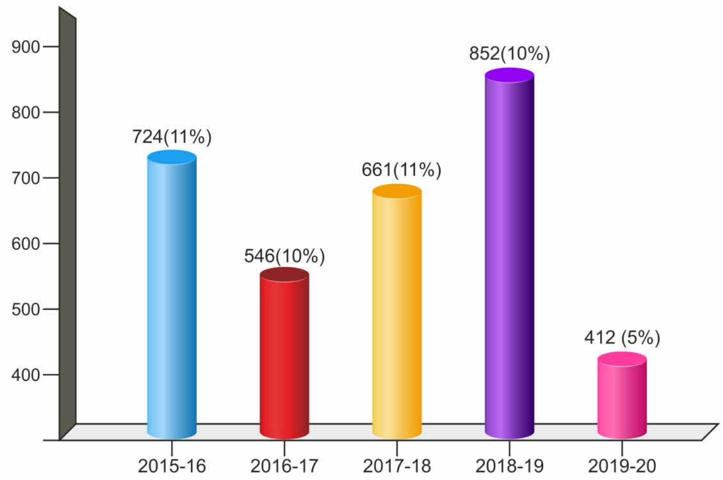

Production (Caprolactum)
in 000 MT



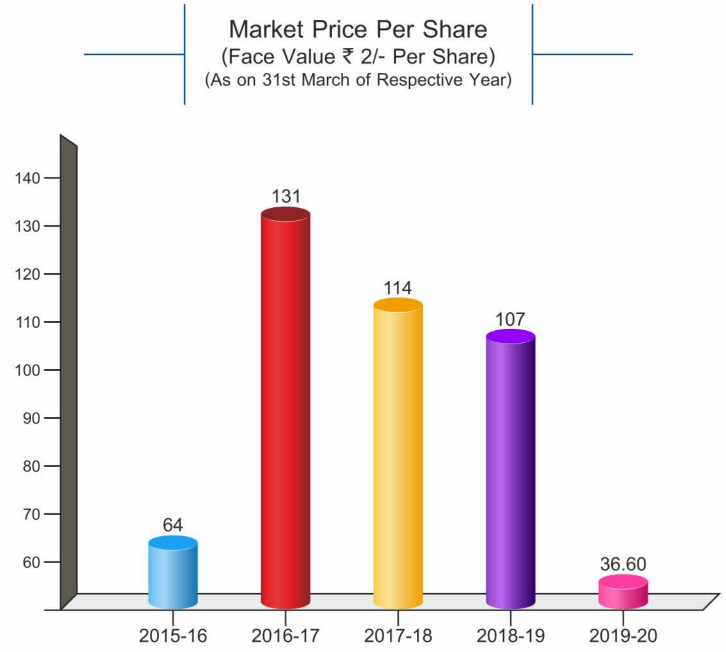

Gross Sales
(₹ Crores)

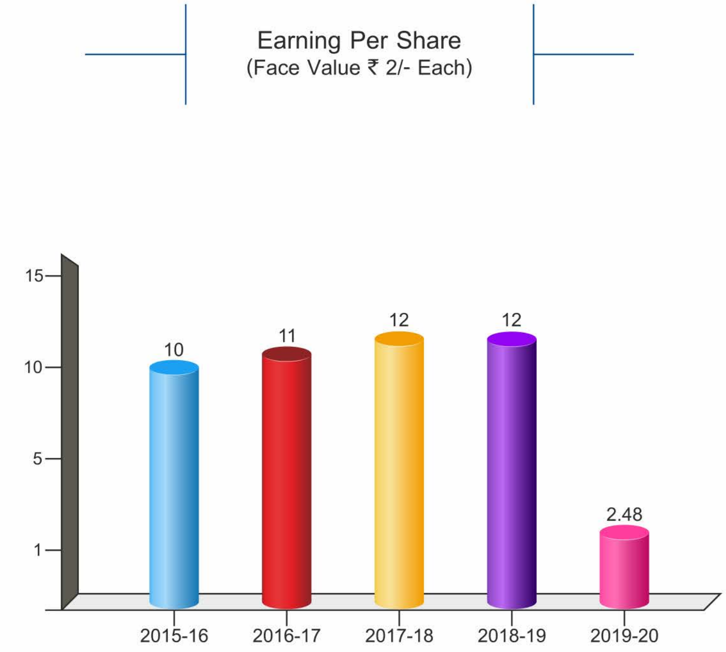


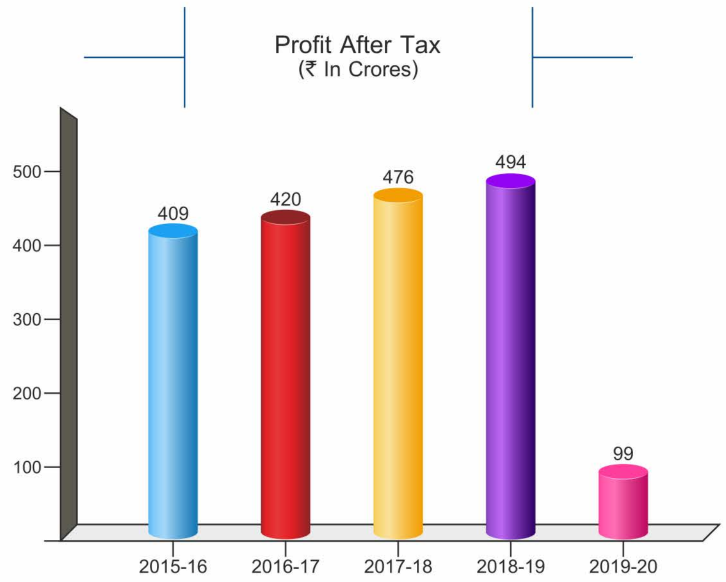

Operating Profit
(%) (₹ Crores)

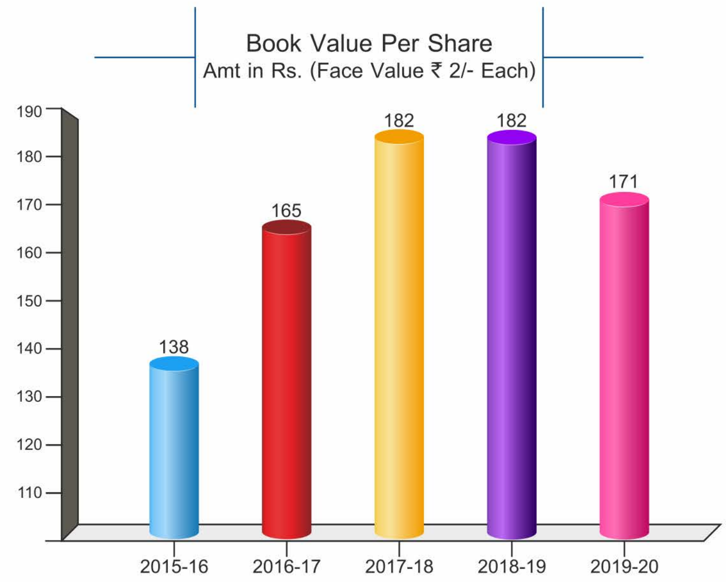


# Performance highlights



# GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

[Corporate Identity Number (CIN) : L99999GJ1962PLC001121]

**58TH ANNUAL GENERAL MEETING**

Date : 30th September, 2020

Day : Wednesday

Time : 10.30 a.m.

Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").

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**REGISTRARS & SHARE TRANSFER AGENTS**

Link Intime India Pvt. Ltd.
B-102 & 103, Shangrila Complex, First Floor,
Opp. HDFC Bank, Near Radhakrishna Char Rasta,
Akota, Vadodara - 390 020.
Phone : (0265) 2356573
Fax : (0265) 2356791
Email : vadodara@linkintime.co.in

**REGISTERED OFFICE**

Fertilizernagar - 391 750
District Vadodara, Gujarat, India
Phone : (0265) 2242451/651/751
Fax : (0265) 2240966/2240119
Email : ho@gsfcltd.com
Website : www.gsfclimited.com

**BOARD OF DIRECTORS** *(As on 03-09-2020)*

SHRI ARVIND AGARWAL *Chairman & Managing Director*
SHRI D C ANJARIA
PROF. VASANT P GANDHI
SHRI AJAY N SHAH
SHRI VIJAI KAPOOR
SMT. GEETA GORADIA
SHRI PANKAJ JOSHI
SMT. SUNAINA TOMAR
DR. RAVINDRA DHOLAKIA (FROM 02-09-2020)
SHRI TAPAN RAY (FROM 02-09-2020)
SMT. GAURI KUMAR (FROM 02-09-2020)
DR. SUDHIR KUMAR JAIN (FROM 02-09-2020)

**EXECUTIVE DIRECTOR (FINANCE) & CFO**

SHRI V D NANAVATY

**EXECUTIVE DIRECTOR**

SHRI S P YADAV
SHRI S V VARMA
SHRI B B BHAYANI
SHRI D B SHAH

**SR. VICE PRESIDENTS**

SHRI A K JAUHARI
SHRI D V PATHAKJEE
SHRI S H PUROHIT
SHRI MAYUR GARG

**COMPANY SECRETARY & SR. VICE PRESIDENT (LEGAL)**

CS V V VACHHRAJANI

**VICE PRESIDENT / CHIEF**

SHRI H D MEHTA
SHRI J P MANDAVIA
DR. P B VAISHNAV

**BANKERS**

Bank of Baroda
Central Bank of India
Bank of India
Dena Bank
Indian Bank
Vijaya Bank
Yes Bank Ltd.
State Bank of India
Indian Overseas Bank
Axis Bank Ltd.
The Hongkong and Shanghai Banking Corporation Ltd.

**LEGAL ADVISORS AND ADVOCATES**

Nanavati Associates, Advocates, Ahmedabad
Kunan Naik Associates, Advocates, Ahmedabad
Jaideep B. Verma, Advocate, Vadodara

**STATUTORY AUDITORS**

M/s T R Chadha & Co., LLP, Ahmedabad

**COST AUDITORS**

M/s Diwanji & Company, Vadodara

**SECRETARIAL AUDITORS**

Niraj Trivedi, Vadodara

# NOTICE

**NOTICE** is hereby given that the **Fifty-Eighth Annual General Meeting** of the Members of the Gujarat State Fertilizers & Chemicals Limited will be at 1030 hours Indian Standard Time (IST) on **Wednesday, the 30th September, 2020** through video conferencing ("VC") / other audio visual means ("OAVM") 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 March 31, 2020, the reports of the Board of Directors and Auditors thereon; and

   b) The Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2020 and report of the Auditor thereon.

2. To declare Dividend on Equity Shares.

3. To appoint a Director in place of Smt. Sunaina Tomar, IAS (DIN 03435543), who retires by rotation and being eligible offers herself for re-appointment.

## Special Business

4. To approve the remuneration of the Cost Auditors for the Financial Year ending 31st March, 2021 and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

   **"RESOLVED** that pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or re-enactment thereof, for the time being in force), the remuneration payable to M/s Diwanji & Company, Cost Accountants, Vadodara (Firm Registration No. 000339), appointed by the Board of Directors of the Company as cost auditors to conduct the audit of the cost records of the Company, as applicable for the financial year ending March 31, 2021, amounting to ₹ 4,80,000/- plus applicable taxes and reimbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified.

5. To appoint Shri Tapan Ray, (DIN 00728682), as an Independent Director and in this regard, to consider and if thought fit, to pass the following resolution with or without modification(s), as an **Ordinary Resolution**:

   **RESOLVED t**hat pursuant to the provisions of Section 149,152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 and the applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Tapan Ray, (DIN 00728682), who is appointed as an Additional Director of the Company in the category of Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of director, be and is hereby appointed as an Independent Director of the Company to hold office, for the first term of five consecutive years from the conclusion of 58th Annual General Meeting till the conclusion of the 63rd Annual General Meeting."

6. To appoint Prof. Ravindra Dholakia, (DIN 00069396) as an Independent Director and in this regard, to consider and if thought fit, to pass the following resolution with or without modification(s), as an **Ordinary Resolution**:

   **RESOLVED t**hat pursuant to the provisions of Section 149,152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 and the applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Prof. Ravindra Dholakia, (DIN 00069396), who is appointed as an Additional Director of the Company in the category of Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of a director, be and is hereby appointed as an Independent Director of the Company to hold office, for the first term of five consecutive years from the conclusion of 58th Annual General Meeting till the conclusion of the 63rd Annual General Meeting."

## NOTES (Contd..)

7. To appoint Smt. Gauri Kumar (DIN 01585999) as an Independent Director and in this regard, to consider and if thought fit, to pass the following resolution with or without modification(s), as an **Ordinary Resolution**:

   **RESOLVED t**hat pursuant to the provisions of Section 149,152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 and the applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Smt. Gauri Kumar (DIN 01585999), who is appointed as an Additional Director of the Company in the category of Independent Director Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of director, be and is hereby appointed as an Independent Director of the Company to hold office, for the first term of five consecutive years from the conclusion of 58th Annual General Meeting till the conclusion of the 63rd Annual General Meeting."

8. To appoint Dr. Sudhir Kumar Jain (DIN 03646016) as an Independent Director and in this regard, to consider and if thought fit, to pass the following resolution with or without modification(s), as an **Ordinary Resolution**:

   **RESOLVED t**hat pursuant to the provisions of Section 149,152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 and the applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Dr. Sudhir Kumar Jain (DIN 03646016), who is appointed as an Additional Director of the Company in the category of Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of director, be and is hereby appointed as an Independent Director of the Company to hold office, for the first term of five consecutive years from the conclusion of 58th Annual General Meeting till the conclusion of the 63rd Annual General Meeting."

9. To appoint Shri Arvind Agarwal (DIN 00122921), as Chairman & Managing Director of the Company and to approve terms & conditions of remuneration & perquisites of Shri Arvind Agarwal and in this regard, to consider and if thought fit, to pass the following resolution with or without modification(s), as an **Ordinary Resolution**:

   **RESOLVED t**hat subject to the provisions of Section 196, 197 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V to the Companies Act, 2013, the Company hereby accords its consent and approval to the appointment of Shri Arvind Agarwal (DIN 00122921), as Chairman and Managing Director of the Company on the terms & conditions of remuneration and perquisites as set out in the explanatory statement annexed hereto.

   **FURTHER RESOLVED** that the remuneration, benefits and perquisites as set out in the explanatory statement shall be paid and allowed to him as minimum remuneration notwithstanding the absence/ inadequacy of profit in the year.

   **FURTHER RESOLVED** that the Board of Directors are hereby authorized to approve any revision/ modification to the remuneration, perquisites or terms & conditions as per the communication by the Government from time to time during the continuity of his appointment.

   **FURTHER RESOLVED** that so long as Shri Arvind Agarwal, functions as Chairman and Managing Director of the Company, he shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

By Order of the Board
Sd/-
**CS V. V. Vachhrajani**
Company Secretary &
Sr. Vice President (Legal)

Place : Fertilizernagar
Date : 02/09/2020

**EXPLANATORY STATEMENT**

**PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**ITEM NO. 04**

The Board, on recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending on March 31, 2021 at a fee of ₹ 4,80,000/- plus applicable taxes and reasonable out of pocket and traveling expenses.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost auditors as recommended by the Audit Committee and approved by the Board of Directors, has 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 auditors for the financial year ending March 31, 2021.

None of the Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.4 of the notice.

**ITEM No. 05 to 8**

As recommended by the Nomination-cum-Remuneration Committee vide circular resolution dtd. 02nd September, 2020, the Board of Directors has proposed to appoint Shri Tapan Ray, Dr. Ravindra Dholakia, Smt. Gauri Kumar and Dr. Sudhir Kumar Jain as Independent Directors of the Company for a first term of five years not liable to retire by rotation and subject to the approval of the Members of the Company. Pursuant to Sections 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules made thereunder, it is proposed to seek approval of the Members for appointment of Shri Tapan Ray, Dr. Ravindra Dholakia, Smt. Gauri Kumar and Dr. Sudhir Kumar Jain as an Independent Directors of the Company for a term of five years. They shall not be liable to retire by rotation. Pursuant to the provisions of Section 161 of the Act, being Independent Directors, all the four Additional Directors so appointed in the category of Independent Directors will hold office up to the date of the ensuing Annual General Meeting (AGM) and are eligible for appointment as Independent Directors of the Company. The Company has received notice/s in writing under Section 160 of the Act from four Members proposing candidatures of each of them to hold the office of Directors. The Company has received from Shri Tapan Ray, Dr. Ravindra Dholakia, Smt. Gauri Kumar and Dr. Sudhir Kumar Jain (i) Consent in writing to act as a Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) Intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Act, (iii) A declaration to the effect that he meets the criteria of independence as provided in Section 149 (6) of the Act and under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations). Brief profile along with other details as required pursuant to Regulations 26 (4) & 36 (3) of SEBI Listing Regulations and Secretarial Standards as applicable of Shri Tapan Ray, Dr. Ravindra Dholakia, Smt. Gauri Kumar and Dr. Sudhir Kumar Jain is given in the Annexure-I forming part of this Notice. It is recommended to appoint Shri Tapan Ray, Dr. Ravindra Dholakia, Smt. Gauri Kumar and Dr. Sudhir Kumar Jain as the Independent Directors of the Company. In the opinion of the Board, Shri Tapan Ray, Dr. Ravindra Dholakia, Smt. Gauri Kumar and Dr. Sudhir Kumar Jain fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder and they are independent of management. The association of Shri Tapan Ray, Dr. Ravindra Dholakia, Smt. Gauri Kumar and Dr. Sudhir Kumar Jain would be of immense benefit to the Company and it is recommended to approve their appointment as Independent Directors.

The terms and conditions of appointment of Independent Director applicable to Shri Tapan Ray, Dr. Ravindra Dholakia, Smt. Gauri Kumar and Dr. Sudhir Kumar Jain are available on the Website of the Company at www.gsfclimited.com.

Except the Independent Director whose candidature is proposed for appointment, none of the other Directors / Key Managerial Personnel of the Company and their relatives is/are, in any way, concerned or interested, financially or otherwise, in the aforesaid Resolution No. 5 to 8 of the Notice. This Statement shall also be regarded as a disclosure under Regulation 36 (3) of the SEBI Listing Regulations. The Board recommends the Resolution at Item No. 5 to 8 of the Notice for your approval.

## NOTES (Contd..)

**Item No. 9:**

As per Govt. of Gujarat Order No.AIS/35.2019/46/G dated 06/12/2019, Shri Arvind Agarwal, IAS was appointed as Chairman and Managing Director of the Company vice Shri Sujit Gulati, IAS (Retd). Shri Arvind Agarwal assumed charge of the Company on 07/12/2019 as the Chairman and Managing Director.

Shri Arvind Agarwal presently, is a retired senior IAS Officer of Government of Gujarat. He has done Post Graduation in Commerce. He has also completed CA (intermediate) having secured 11th rank in the country. He did his 3 years CA Articleship from Price Waterhouse, Mumbai.

He has very rich and varied experience of more than 33 years and has held distinguished positions in Government of Gujarat like District Development Officer and Collector - Bharuch, Labour Commissioner, Industries Commissioner, Additional Chief Secretary to Education, Industries & Mines Departments, Additional Chief Secretary to Finance Department.

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

He has authored a Book in Gujarati viz. “Panchayat Parichay”. He was awarded as “Best Collector” during his posting in Bharuch. He was also appointed as Additional Chief Secretary, Forest & Environment Department, Government of Gujarat.

He superannuated from Indian Administrative Service in April 2020. Presently, he is Chairman and Managing Director of Gujarat State Fertilizers & Chemicals Ltd., Vadodara.

Govt. of Gujarat vide resolutions no. GSF/1098/1620/E dated 03/02/2020 & no. AIS/35.2019/172888/G dated 09/06/2020 prescribed the terms & conditions as to remuneration in respect of Shri Arvind Agarwal and has also been recommended by the Nomination and Remuneration Committee and the Board of Directors.

In terms of Schedule V and other applicable provisions of the Companies Act, 2013, the appointment of Shri Arvind Agarwal as Chairman and Managing Director and payment of remuneration to him requires the approval of the shareholders in General Meeting. He does not have any shares of the Company in his name.

The terms & conditions of appointment and particulars of remuneration and perquisites paid/ payable to Shri Arvind Agarwal (DIN 00122921) are as follows:-

1. Period of Duration:

   Shri Arvind Agarwal, is sent on deputation as Chairman and Managing Director of Gujarat State Fertilizers & Chemicals Co. Ltd., Vadodara with effect from the date he assumed the charge till 30/04/2020 or until further orders whichever is earlier.

   After his superannuation from Indian Administrative Service in April 2020, the appointment of Shri Arvind Agarwal, IAS (Retd.) as Chairman & Managing Director, Gujarat State Fertilizers & Chemicals Limited, Vadodara shall be upto 06/12/2020 or until further orders, whichever is earlier.

2. Pay:

   During the period of Deputation, Shri Arvind Agarwal, IAS will be eligible to draw his pay in the grade of Additional Chief Secretary to Government by virtue of equation of the post of Chairman & Managing Director of Gujarat State Fertilizers & Chemicals Ltd., Vadodara with the IAS Cadre post of Secretary to Government vide GAD Resolution No. AIS/30/2019/626118/G dated 12th December, 2019.

   After his superannuation from Indian Administrative Service in April 2020, his pay will be fixed on the basis of formula of “last pay drawn minus pension” as per 7th Pay Commission.

3. Dearness Allowance:

   Shri Arvind Agarwal, will be eligible to draw Dearness Allowance at such rate as may be prescribed by the State Government from time to time.

   After his superannuation from Indian Administrative Service in April 2020, he will get the Dearness Allowances on the last day drawn by him immediately before his retirement. By virtue of this, he shall not be entitled to get any Temporary Increase in monthly pension. He shall be provided a vehicle and chauffer for discharging his official duties.

## NOTES (Contd..)

4. City Compensatory Allowance:

   Shri Arvind Agarwal will be eligible to draw city Compensatory Allowance as per the rules applicable to the IAS Officer working in connection with the affairs of the State.

5. License Fee for residential Accommodation:

   Shri Arvind Agarwal would be required to pay 10% of the pay plus DA/DP & CCA or the prescribed license fee for similar class of accommodation in the State Government, whichever is lower.

   After his superannuation from Indian Administrative Service in April 2020, he will be allowed facility of residential accommodation on the same scale as was being allowed to him while in service prior to his retirement on superannuation.

6. Transfer TA/Joining Time:

   Shri Arvind Agarwal will be entitled to Transfer TA and Joining Time under the rules of organization to which he is appointed. Facility of joining time shall not be inferior to that available to AIS Rules. Facility of transfer TA shall not be inferior to that available under the relevant provisions as applicable to IAS officers working under the Gujarat Government. The expenditure on this account will be borne by the organization.

7. TA and DA for Journey on duty:

   Shri Arvind Agarwal, IAS will be paid Travelling Allowance and Daily Allowance by the borrowing organization under the Rules of the borrowing organization for the journey undertaken by him in connection with the official work under that organization. While undertaking foreign visits by the official, the instructions contained in GAD Circular No. AIS/109/1720/G dated 17/04/1999, as amended from time to time, will be applicable for the purpose of drawl of per diem and in other matters.

   After his superannuation from Indian Administrative Service in April 2020, he will get the Travelling Allowances, Daily Allowances & Other Allowances with reference to the last pay drawn by him while in service prior to his retirement or superannuation. He will not get any transport allowance.

8. Medical Facilities:

   The borrowing organization shall afford to Shri Arvind Agarwal, IAS, the medical services facilities as per the Rules of the borrowing organization but shall not be inferior to those admissible to an All India Service Officer of his rank and seniority under the All India Services (Medical Attendance) Rules, 1954.

   After his superannuation from Indian Administrative Service in April 2020, he will get medical facilities/ medical reimbursement as available to an AIS Pensioner under the Standing Order of the Health and Family Welfare Department.

9. Leave and Pension:

   During the period of deputation, Shri Arvind Agarwal, IAS will continue to be governed by the All India Service (Leave) Rules, 1955 and the All India Services (DCRB) Rules, 1958. The entire expenditure in respect of leave taken during and at the end of deputation shall be borne by the borrowing organization.

   After his superannuation from Indian Administrative Service in April 2020, he will be allowed 15 days paid leave on non-cumulative and non-encashment basis for the period of contract, but he will not be allowed to encash the accumulated earned leave on completion of the contract period.

10. Provident Fund:

    During the period of Foreign Service Shri Arvind Agarwal, IAS, will continue to subscribe to the All India Services (Provident Fund) Scheme/ contributory Provident Fund Scheme to which he was subscribing at the time of proceeding on Foreign Service in accordance with the rules of such Fund/ Scheme.

11. Conduct, Discipline & Appeal Rules:

    During the period of Foreign Service, Shri Arvind Agarwal shall continue to be governed by All India Services (Conduct) Rules, 1968 and the All India Services (Discipline & Appeal) Rules, 1969.

12. Leave Travel Concession:

    The Gujarat State Fertilizers & Chemicals Ltd., Vadodara shall allow Leave Travel Concession to Shri Arvind Agarwal as admissible to him under the All India Services (LTC) rules, 1975. The whole expenditure in this regard will be borne by the borrowing organization.

## NOTES (Contd..)

13. Disability Leave:

The Gujarat State Fertilizers & Chemicals Ltd., Vadodara will be liable to pay leave emoluments in respect of disability leave, if any granted to Shri Arvind Agarwal, IAS, on account of any disability incurred in and through Foreign Service even though such disability manifests itself after termination of the Foreign Service. The relevant AIS rules will be applicable in such cases.

14. Leave Salary/ Pension Contribution:

Shri Arvind Agarwal shall not be permitted to join the Pension Schemes of the borrowing organization under any circumstances. The entire expenditure in respect of pension and leave salary contribution for the period of deputation shall be borne by the borrowing organization failing which by the officer himself.

The organization will pay to the Government the leave salary and pension contribution at the rates force from time to time in accordance with the orders issued by the President under FR 116. The payment of these contributions must be paid annually within 15 days from the end of each financial year or at the end of Foreign Services, if deputation expires before the end of a financial year. Delayed payment will attract liability of payment of interest in the terms of instructions contained in the Ministry of Finances' Notification No. F.1 (1)/ E.IIII83 dated 10th August, 1983, as amended from time to time. Pending intimation of the rates of leave salary and pension contributions by the Accountant General, Gujarat, Rajkot/ Ahmedabad, the organization shall pay leave salary and pension contribution provisionally at the prescribed rates.

15. Group Insurance:

Shri Arvind Agarwal, IAS will be governed by the All India Services Group Insurance Rules, 1981. The amount deducted from his salary as per the prescribed rates as subscription towards the Central Government Employees Group Insurance Scheme, 1980 shall be remitted to the concerned Accountant General, Gujarat, Rajkot / Ahmedabad by the organization. If at any time, the recovery of subscription falls in arrears, the same shall be recovered with interest admissible under the Scheme on the accretions to the Saving Fund.

16. Residuary Matters:

In all matters relating to conditions of service and benefits/ facilities and perquisites in the borrowing organization not covered by items 1 to 15 above, Shri Arvind Agarwal, IAS, shall be governed by corresponding rules, regulations and orders laid down for AIS officers working in connection with the affairs of the state.

After his superannuation from Indian Administrative Service in April 2020, he will get the facility of residential telephone on the same scale as he was getting prior to his retirement. This facility will be available only if he is not provided mobile phone for official use. He will also be entitled to get other facilities as were received by him immediately before his retirement as Additional Chief Secretary to the Government.

The above mentioned terms & conditions would be applicable till Shri Arvind Agarwal, remains on deputation with the Company. On reversion from Appointment, he will be governed by the relevant rules laid down for All India Services Officers.

The Appointment of Shri Arvind Agarwal and the remuneration and perquisites payable to him are in accordance with Schedule V to the Companies Act, 2013. Shri Arvind Agarwal has long and extensive experience in Government Service. Accordingly, the directors commend this resolution for your consent and approval.

Except Shri Arvind Agarwal, none of the Directors/ Key Managerial Personnel of the Company/ their relatives is, in anyway, concerned or interested, financial or otherwise, in the resolution set out at Item No. 09. This Explanatory Statement may also be regarded as a disclosure under the Listing Regulations with the Stock Exchange.

By Order of the Board

Sd/-
**CS V. V. Vachhrajani**
Company Secretary &
Sr. Vice President (Legal)

Place : Fertilizernagar
Date : 02/09/2020

## NOTES (Contd..)

**Notes:**

1. In view of the continuing present Covid-19 pandemic situation, the Ministry of Corporate Affairs ( "MCA") has vide its Circular dated May 5, 2020 read together with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted convening the Annual General Meeting ("AGM" / "Meeting") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without the physical presence of the members at a common venue. In accordance with the aforementioned MCA Circulars, provisions of the Companies Act, 2013 ('the Act') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the 58th AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.

2. **Since, this AGM is being conducted through VC/OAVM, Physical attendance of Members is not required and has been dispensed with. Accordingly, facility for appointment of proxies by the Members will not be available for this AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. Members can attend the meeting through login credentials provided to them to connect AGM.**

3. In compliance with the MCA Circulars and SEBI Circular dated May 12, 2020, Notice of 58th AGM along with Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice along with Annual Report 2019-20 has been uploaded on the website of the Company at www.gsfclimited.com and on the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com and on the website of CDSL at www.evotingindia.com.

4. Members attending AGM through VC/OAVM shall be counted for the purpose of reckoning quorum under Section 103 of the Act.

5. Since the AGM will be held through VC/OAVM, the route map of the venue of the meeting is not annexed hereto.

6. A Statement pursuant to Section 102 (1) of the Companies Act, 2013, in respects of special business to be transacted at the meeting is annexed hereto.

7. The Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday, the 16th September, 2020 to Wednesday, the 30th September, 2020 (both days inclusive).

8. The dividend on equity shares, if declared at the AGM, will be paid on or after 12th October, 2020 to those shareholders holding shares in physical form and whose names appear on the Register of Members of the Company on book closure date. In respect of shares held in electronic form, the dividend will be payable to those who are the beneficial owners of shares after close of business hours on book closure date as per details furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). Dividend Warrants/Demand Drafts will be dispatched to the registered address of the shareholders who have not updated their bank account details.

9(a) Members holding shares in electronic form may note that their bank details as may be furnished to the Company by respective Depositories will only be considered for remittance of dividend through NECS/ECS or through Dividend Warrants. Beneficial Owners holding Shares in demat form are requested to get in touch with their Depository Participants (DP) to update / correct their NECS/ ECS details - MICR (9 digits) and Bank Account No. (11 to 16 digits) to avoid any rejections and also give instructions regarding change of address, if any, to their DPs.

9(b) The Company has appointed Link Intime India Pvt. Ltd. as Registrar and Share Transfer Agent (R&T Agent). Members are requested to send all future correspondence to Link Intime India Pvt. Ltd. at B-102 & 103, Shangrila Complex, 1st Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara 390 020. Members holding shares in physical mode are requested to notify immediately any change in their addresses, the Bank mandate or Bank details along with photocopy of the cancelled cheque or self attested copy of bank passbook to the R&T Agent of the Company.

9(c) Shareholders of the Company holding shares in physical mode are requested to register their E-mail address with Registrar and Share Transfer Agent (RTA) of the Company viz. Link Intime India Pvt. Ltd. at https://www.linkintime.co.in/ EmailReg/Email_Register.html by entering the details of Folio No./Certificate No. (for Physical Folios only), Shareholder Name, PAN, Mobile No. and E-mail address with OTP Verification or

Shareholders may send such details through E-mail at vadodara@linkintime.co.in. While uploading/ sending the said details, self-certified copy of PAN and copy of Aadhar Card or valid Passport are required to be attached for verification purpose. Shareholders who hold shares in dematerialised form can also register their e-mail address, PAN, Mobile Number etc. with their Depository Participant or with the RTA of the Company on the aforesaid link.

10. In addition to the updation of E-mail address of the shareholders of the Company, those shareholders who hold shares in physical mode may also register / update their Bank Account details at the aforesaid link or can send an E-mail, mentioning the Folio No. to the RTA of the Company by attaching copy of their cancelled cheque or self attested copy bank passbook.

11. The Shareholders are advised to encash their dividend warrants within validity period. Thereafter, the payment of unencashed dividend warrants shall be made only after receipt of final list of unclaimed dividend warrants and reconciliation of Dividend Account from Bank. The payment of unclaimed dividend will be made by electronic bank transfer or in case of failure, by issuing banker's cheque or Demand Draft incorporating the bank accounts details of security holder upon furnishing Indemnity-cum-Request letter by the Shareholder and verification by the Company.

12(a) Pursuant to the provisions of Section 205A (5) and 205C of the erstwhile Companies Act, 1956 and the corresponding provisions of Section 124 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, the amount of dividend unclaimed dividend upto FY 2011-12 have been transferred from time to time on respective due dates to Investor Education and Protection Fund (IEPF). Details of unpaid/unclaimed dividend lying with the Company as on March 31, 2020 is available on the website of the Company at www.gsfclimited.com.

12(b) Attention of the Members is drawn to the provisions of Section 124 (6) of the Act read with the Investors Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, which requires a Company to transfer all Shares in respect of which dividend has not been paid or claimed for seven (07) consecutive years or more to IEPF Authority. In compliance with the aforesaid provision of the Act the Company has transferred the underlying shares in respect of which dividends remained unclaimed for a consecutive period of seven years.

12(c) The Members who have not encashed dividend warrant(s) for the years 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 are requested to claim payment immediately by writing to the Company secreatry at its registered office. After seven years, unclaimed dividend shall be transferred to the Investor Education and Protection Fund. Pursuant to provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the details of unclaimed dividend amount lying with the Company as on 31.03.2019 has been uploaded on the Company's website (www.gsfclimited.com) and also filed with the Ministry of Corporate Affairs.

13. Any person, whose unclaimed dividend or shares have been transferred to the IEPF Authority may claim back the same by making an application in Web Form IEPF 5 to the IEPF Authority, which is available on Website of IEPF Authority at www.iepf.gov.in or on Company's website http://www.gsfclimited.com/IEPF.asp?mnuid=5.

14. Pursuant to the provisions of Section 72 of the Companies Act, 2013, Shareholders are entitled to make nomination in respect of the shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form SH-13 (filled in "duplicate") to the R&T Agent, Link Intime India Pvt. Ltd. at the address given above.

**15. Members who have not registered their e-mail addresses so far are requested to register their email address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically to the R&T agent.**

16. 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 latest by 22nd September, 2020 by mentioning their name, demat account number/folio number, email id, mobile number at vishvesh@gsfcltd.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance latest by 22nd September, 2020 mentioning their name, demat account number/folio number, email id, mobile number at vishvesh@gsfcltd.com. These queries will be replied to by the company suitably by email. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

## NOTES (Contd..)

**Inspection of documents:**

All documents referred to in this Notice and Statement u/s. 102 of the Act will be available for inspection electronically by the members of the Company from the date of circulation of this Notice upto the date of the AGM. Members seeking to inspect such documents can send an e-mail to secdiv@gsfcltd.com/ vishvesh@gsfcltd.com.

17. 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 their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form should submit their PAN to the Company/ R&T Agent.

18. Procedure for Remote E-Voting, Attending the AGM through Video Conference/Other Audio Visual Means (VC/ OAVM) and E-Voting facility during the AGM:

The detailed process, instructions and manner for availing Remote e-Voting, attending AGM through VC/OAVM and E-Voting facility during the AGM is shown hereunder:

(I) As per Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility for voting by electronic means ("e-Voting") and the business in respect of all Shareholders' Resolutions may be transacted through such e-Voting. The facility is provided to the Shareholders to exercise their right to vote by electronic means from a place other than the venue of AGM ("remote e-Voting") as well as e-voting system on the date of AGM through e-Voting services provided by Central Depository Services (India) Limited (CDSL).

(II) The Company has fixed 23rd September, 2020, Wednesday as a cut-off date to record the entitlement of the Shareholders to cast their votes electronically by remote e-Voting as well as by e-voting system on the date of AGM.

(III) The remote e-Voting period commences on Sunday, 27th September, 2020 (09:00 a.m.) and ends on Tuesday, 29th September, 2020 (05:00 p.m.). During this period, Shareholders of the Company holding shares either in physical form or in dematerialized form as on the cut-off date, i.e. 23rd September, 2020 may cast their vote electronically. The e-Voting module shall be disabled by CDSL for voting after 5.00 p.m. on 29th September, 2020. Once the vote on a resolution is cast by the Member, he/she shall not be allowed to change it subsequently.

Any person, who becomes Member of the Company after dispatch of the Notice of the meeting and holding shares as on the cut-off date i.e. Wednesday, 23rd September, 2020 may obtain USER ID and password by following e-Voting instructions which is part of Notice and the same is also placed in e-Voting Section of CDSL Website i.e. www.evotingindia.com and Company's Website i.e. www.gsfclimited.com . For further guidance, Members are requested to send their query by email at helpdesk.evoting@cdslindia.com. Members can also cast their vote using CDSL's mobile app m-Voting available for android based phones. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

**(A) Procedure for Remote E-voting:**

Below mentioned steps should be followed to cast vote(s) electronically:

(a) The Shareholders should log on to the e-Voting Website: www.evotingindia.com.

(b) Click on "Shareholders" tab.

(c) Now, Enter your User ID:

i For CDSL: 16 digits beneficiary ID.

ii For NSDL: 8 Character DP ID followed by 8 Digits Client ID.

iii Members holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at https://www.cdslindia.com from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

(d) Next enter the Image Verification Code as displayed and Click on Login.

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

(f) If you are a first time user, please follow the steps given below:

| For Members holding shares in Demat Form and Physical Form | |
|---|---|
| Permanent Account Number (PAN) | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both shareholders holding shares in demat as well as physical).<br>Members who have not updated their PAN with the Company / Depository Participant are requested to use the 10 Digits Sequence Number. The sequence Number is communicated by e-mail indicated in the PAN field. |
| Dividend Bank Details OR Dateof 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. If both the details (i.e. Dividend Bank Details and Date of Birth) are not registered with the Company or Depository, please enter the Member ID / Folio No. in the Dividend Bank details field mentioned in instruction (c) herein above. |

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

(h) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach "Password Creation" menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, 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.

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

(j) Click on the EVSN **200828002** for the relevant company i.e. GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED for which you choose to vote.

(k) 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 may be desired by you. The option "YES" implies that you assent to the Resolution and option "NO" implies that you dissent to the Resolution.

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

(m) 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.

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

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

(p) 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.

(q) Members can also use Mobile app – "m-Voting" for e voting. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile. Shareholders may log in to m-Voting using their e voting credentials to vote for the Company resolution(s).

(r) Note for Non-Individual Shareholders and Custodians:

- Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details, users would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (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.

(s) You can also update your mobile number and e-mail ID records with R&T Agent/Company (for physical shares) and with DP (for Demat Shares) before cut-off date i.e 23.09.2020, for e-Voting.

(t) In case you have any queries or issues regarding e-Voting, you may refer the Frequently Asked Questions ("FAQs") and e-Voting manual available at www.evotingindia.com under 'Help Section' or write an email to helpdesk.evoting@cdslindia.com or contact Mr.Nitin Kunder (022- 23058738 ) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi,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 on 022-23058542/43.

**(B) Instructions for Shareholders for E-Voting during the AGM:**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned in Point A above for Remote e-voting.
2. 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 in the AGM.
3. 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 shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders participating in the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
5. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 23rd September, 2020.
6. Mr. Niraj Trivedi, Practicing Company Secretary, 218-219, Saffron Complex, Fatehgunj, Vadodara: 390 002 (Gujarat) has been appointed as Scrutinizer to scrutinize the remote e-voting process as well as the e-voting system on the date of the AGM.
7. The result of the voting will be announced by the Chairman of the meeting within stipulated time as per the Scrutinizer's Report to be submitted to the Chairman. The results of voting will be communicated to the stock exchanges and will be placed on the CDSL's Website (under "Notices –

Results section") i.e. www.evotingindia.com; on the Website of the Company i.e. www.gsfclimited.com and also on the notice board of the Company.

**(C) Process for those shareholders whose email ids are not registered:**

i. For members holding shares in Physical mode - please provide necessary details like Folio No., Name of Shareholder by email to vadodara@linkintime.co.in.

ii. Members holding shares in Demat mode can get their email id registered by contacting their respective Depository Participant or by email to vadodara@linkintime.co.in.

**(D) Procedure for joining the AGM through VC / OAVM:**

1. The Members can join the AGM through VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
2. Members will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Members may access the same at https://www.evotingindia.com under shareholders' / members' login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
3. Members are encouraged to join the Meeting through Laptops for better experience.
4. Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
5. 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.

**Contact Details**

**Company: Gujarat State Fertilizers & Chemicals Limited**
P.O.: Fertilizernagaar - 391 750
DIST.: VADODARA (GUJARAT)
Phone: (0265) 2242451, Extn. 3582
E-mail: vishvesh@gsfcltd.com

**Registrar & Share Transfer Agent: Link Intime India Private Limited (Unit: GSFC)**
B -102 &103, Shangrila Complex, 1st Floor, Opp. HDFC Bank,
Near Radhakrishna Char Rasta, Akota,
VADODARA: 390 020 (GUJARAT)
Phone: (0265) 2356573 / 6136000
E-mail: vadodara@linkintime.co.in

**e-Voting Agency : Central Depository Services (India) Limited**
E-mail: helpdesk.evoting@cdslindia.com
Phone: +91-22-22723333/8588

**Scrutinizer: Mr. Niraj Trivedi**
Practicing Company Secretary
218-219, Saffron Complex, Fatehgunj,
VADODARA : 390 002 (GUJARAT)
E-mail: csneerajtrivedi@gmail.com

## NOTES (Contd..)

### Annexure – I

**DETAILS OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT BY THE SHAREHOLDERS OF THE COMPANY AT THE ENSUING ANNUAL GENERAL MEETING IN PURSUANCE OF REGULATION 26 (4) & 36 (3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND APPLICABLE SECRETARIAL STANDARDS**

| Name of Director | **Dr. Ravindra Dholakia** | **Shri Tapan Ray, IAS (Retd.)** | **Smt. Gauri Kumar** |
|---|---|---|---|
| DIN | 00069396 | 00728682 | 01585999 |
| Date of Birth | 02/04/1953 | 09/09/1957 | 16/08/1955 |
| Date of first appointment | 02/09/2020 | 02/09/2020 | 02/09/2020 |
| No. of Shares held by self or by any beneficial basis for any other person | Nil | Nil | Nil |
| Relationship with other Directors / Key Managerial Personnel | -- | -- | -- |
| Qualifications | Master of Arts (Gold Medalist), Ph. D. in Economics (MSU, Baroda) and Post-Doctoral Fellow (Uni. Of Toronto) | Post Graduate in Public Policy, Princeton University USA,<br>Master of Public Administration, Syracuse University USA.<br>B. Tech. Mechanical Engineering, IIT, Delhi.<br>Executive Masters in Foreign Trade, IIFT, New Delhi.<br>LL.B M S University LL.B. (spl) Gujarat University<br>Diplomas in International Law, International Business | IAS (Retd.) |
| Nature of Expertise/ Experience | Dr. Ravindra H. Dholakia, a retired IIM Ahmedabad Professor of Economics, has more than 43 years of experience in research, teaching, training and consulting in the fields of macroeconomic measurements and policy, regional development and sectoral issues like health, education, rural development, labour, etc.<br>He has provided consultancy to state and central governments, public and private sector companies, and international organisations such as WHO, UNICEF, ADB, World Bank, etc. He has worked as a member of several high powered committees | He has served in the IAS for thirty five years, in the Ministries of Defence, Textiles, Power, Science &Technology, and Planning in the Government of India. He has served as Principal Secretary, Finance Department, Government of Gujarat. He has corporate experience of over 12 years in various companies of Government of Gujarat and Government of India, and was the Managing Director of the Gujarat State Petroleum Corporation group of Companies for about 5 years. He has extensive | Very wide experience of working in various Government Departments both at State Government level and with the Government of India. |

## NOTES (Contd..)

| | | | |
|---|---|---|---|
| Nature of Expertise/ Experience | constituted by the Central and State governments. He has published more than 140 research papers, 23 books and 51 monographs. | knowledge and experience in the field of Finance, Economics, Technology, Law, Capital Markets, Management, Foreign Trade, Public Policy and Administration. He was Additional Secretary, Department of Electronics and IT, and held charge as DG National Informatics Centre (NIC), Government of India, before taking over as Secretary, Ministry of Corporate Affairs. He has served on the board of the Securities and Exchange Board of India (SEBI). After retirement, he has been appointed as the Non-Executive Chairman of Central Bank of India. Currently, working as Managing Director and Group CEO of GIFTCL, Gandhinagar. | Very wide experience of working in various Government Departments both at State Government level and with the Government of India. |
| Names of other Companies in which Directorship is held | 1. Adani Transmission Limited<br>2. Gujarat State Petroleum Corporation | 1. Gift SEZ Limited.<br>2. Gujarat International Finance Tec-City Company Limited.<br>3. Gift Power Company Limited.<br>4. Central Bank of India | 1. Gujarat Mineral Development Corporation Limited<br>2. Gujarat Narmada Valley Fertilizers & Chemicals Limited<br>3. GCAP World Softech Private Limited |
| Names of the Committees of the Board of Companies in which Membership/ Chairmanship is held | **Adani Transmission Limited**<br>Audit committee – member<br>Nomination & Remuneration committee - member<br><br>**Gujarat State Petroleum Corporation**<br>Audit committee – member | - | **Gujarat Narmada Valley Fertilizers & Chemicals Limited**<br>Audit committee – member<br>Nomination & Remuneration committee - member<br>CSR committee – member<br>Risk Mgt. - member |

## NOTES (Contd..)

| Name of Director | Dr. Sudhir Kumar Jain | Shri Pankaj Joshi | Smt. Sunaina Tomar | Shri Arvind Agarwal* |
|---|---|---|---|---|
| DIN | 03646016 | 01532892 | 03435543 | 00122921 |
| Date of Birth | 04/07/1959 | 19/10/1965 | 01/12/1965 | 23/04/1960 |
| Date of first appointment | 02/09/2020 | 21/12/2019 | 04/01/2020 | 07/12/2019 |
| No. of Shares held by self or by any beneficial basis for any other person | Nil | Nil | Nil | Nil |
| Relationship with other Directors / Key Managerial Personnel | - | - | - | -- |
| Qualifications | Bachelor of Engineering from the University of Roorkee,<br>Masters and Doctoral degrees from the California Institute of Technology, Pasadena. | Shri Pankaj Joshi is a senior IAS Officer, with distinguished academic background of B.Tech in Civil Engineering, M. Tech in Water Resource Engineering and M.Phil in Defence & Strategic Studies. | Smt. Sunaina Tomar is a senior IAS Officer, with academic background of M.A. (Psychology). | Shri Arvind Agarwal presently, is a retired senior IAS Officer of Government of Gujarat. He has done Post Graduation in Commerce. He has also completed CA (intermediate) having secured 11th rank in the country. He did his 3 years CA Articleship from Price Waterhouse, Mumbai. |
| Nature of Expertise/ Experience | Dr. Sudhir Kumar Jain is an active academic and a passionate academic administrator. He is currently serving his third term as director of the Indian Institute of Technology Gandhinagar (IITGN), which he joined as founder director in June 2009. He was on the faculty of IIT Kanpur for 35 years from 1984-2019. Dr. Jain holds a Bachelor of Engineering from the University of Roorkee, and Masters and Doctoral degrees from the California Institute of Technology, Pasadena. He has served as President of the International Association for Earthquake Engineering during 2014 to 2018. He was elected Fellow of the Indian National Academy of Engineering in 2003, and was conferred Padma Shri by the President of India in 2020. | Having joined the Indian Administrative Service in 1989, he has held various important positions in the Government of Gujarat in various departments like Land revenue, Personnel and General Administration, Urban Development and Education Department for about 20 years.<br>He has also worked with the Union Government in various Departments like Urban Development, Social Justice and Empowerment, Public Transport etc. for about 6 years. He has wide experience at the senior level in the public administration and policy in various areas.<br>Presently, he is Additional Chief Secretary to the Finance Department, Government of Gujarat. | Having joined the Indian Administrative Service in 1989, she has held various important positions in the Government of Gujarat in various departments for about 20 years. She has wide experience in the public administration. She has held distinguished positions in the Government of Gujarat in various departments including National Rural Health Mission, Land Reforms, Women & Child Dev Deptt, Social Justice & Empowerment, Welfare of SC & BC, Education Dept, Ports & Transport etc. She has also worked with the Union Government as Joint Secretary, Ministry of Textiles. She also holds Directorship of various Government Companies. Presently, she is Additional Chief Secretary to the Energy and Petrochemicals Department, Government of Gujarat. | Shri Arvind Agarwal, IAS, is a very Senior IAS Officer of Government of Gujarat. He has done Post Graduation in Commerce. He has very rich and varied experience of more than 33 years and has held distinguished positions in Government of Gujarat like District Development Officer and Collector - Bharuch, Labour Commissioner, Industries Commissioner, Additional Chief Secretary to Education, Industries & Mines Departments, Government of Gujarat & Additional Chief Secretary to Finance Department, Government of Gujarat.<br>He was Managing Director, Gujarat State Financial Corporation Ltd., Vice Chairman & Managing Director, Gujarat Industrial Development Corporation (GIDC). He has rich experience in the field of Finance, Management and Administration. He has authored a Book in Gujarati viz. "Panchayat Parichay". He was awarded as "Best Collector" during his posting in Bharuch. He was also appointed as Additional Chief Secretary, Forest & Environment Department, Government of Gujarat. |

## NOTES (Contd..)

| | | | | |
|---|---|---|---|---|
| Names of other Companies in which Directorship is held | 1. Gujarat State Petronet Limited.<br>2. GSPL India Gasnet Limited<br>3. GSPL India Transco Limited.<br>4. Gift Sez Limited.<br>5. Gujarat International Finance Tec-City Company Limited.<br>6. IIT Gandhinagar Research Park<br>7. IIT Gandhinagar Innovation and entrepreneurship Center. | 1. Sardar Sarovar Narmada Nigam Limited<br>2. Gujarat State Financial Services Limited<br>3. Gujarat Alkalies and Chemicals Limited<br>4. Gujarat International Finance Tec-City Company Limited<br>5. Gujarat State Petroleum Corporation Limited<br>6. Gujarat State Investment Limited<br>7. Gujarat Metro Rail Corporation Limited (GMRC) | 1. Gujarat State Petroleum Corporation Limited<br>2. Gujarat Gas Limited<br>3. Gujarat Power Corporation Limited<br>4. Gujarat Industries Power Company Limited<br>5. Gujarat State Electricity Corporation Limited<br>6. Gujarat Energy Transmission Corporation Limited<br>7. Gujarat Urja Vikas Nigam Limited<br>8. Torrent Power Limited | 1. Indian Potash Limited.<br>2. GSFC Agrotech Limited.<br>3. Gujarat Green Revolution Company Limited.<br>4. Gujarat Port and Logistics Company Limited.<br>5. Gujarat Narmada Valley Fertilizers & Chemicals Ltd |
| Names of the Committees of the Board of Companies in which Membership/ Chairmanship is held | **GSPL India Gasnet Limited**<br>Member – Audit Committee<br><br>**GSPL India Transco Limited.**<br>Member – Audit Committee<br><br>**Gujarat International Finance Tec-City Company Limited.**<br>Member – Audit Committee | **Gujarat Alakalies and Chemicals Limited**<br>1. Member – Audit Committee<br>2. Member – CSR Committee<br>3. Member – Project Committee<br>**Gujarat State Petroleum Corporation Limited**<br>1. Member – Project Committee<br>2. Member – Audit Committee<br>3. Member – Committee of Directors for Financial Restructuring<br>4. Member – Committee of onshore Block<br>5. Member - HRCommittee<br>**Gujarat International Finance Tec - City Company Limited**<br>1. Member Audit Committee<br>**Gujarat State Financial Services Limited**<br>1. Member – Audit Committee<br>2. Member – CSR Committee<br>3. Chairman – Finance Committee<br>4. Chairman – Investment Committee<br>5. Chairman – Personnel Committee<br>6. Member – Risk Management & Assets Liability Committee<br>**Gujarat State Fertilizers & Chemicals Limited**<br>1. Member – CSR Committee<br>2. Member – Nomination and Remuneration Committee<br>3. Member – Project Committee<br>**Sardar Sarovar Narmada Nigam Limited**<br>1. Member – Finance Committee<br>2. Member – Purchase and Tender Committee<br>3. Member – Project Committee<br>4. Member - Statue of Unity Committee<br>5. Member – CSR Committe<br>**Gujarat Metro Rail Corporation (GMRC) Limited**<br>1. Chairman – Audit Committee<br>2. Member – Project Committee | **Gujarat State Petroleum Corporation Limited**<br>1. Member – Project Committee<br>2. Member – CSR Committee<br>3. Member – Committee for Financial Restructuring<br>4. Member – HR Committee<br>5. Member - Nomination and Remuneration Committee<br><br>**Gujarat Gas Limited**<br>1. Chairman – CSR Committee<br>2. Member - Nomination and Remuneration Committee<br><br>**Gujarat State Fertilizers & Chemicals Limited**<br>1. Member CSR Committee<br>2. Member – Project Committee<br>3. Member - Nomination and Remuneration Committee<br>4. Member – Risk Management Committee<br><br>**Gujarat State Electricity Corporation Limited**<br>1. Chairman – Project cum procurement Committee<br><br>**Gujarat Energy Transmission Corporation Limited**<br>1. Chairman - Project cum procurement Committee | **Gujarat State Fertilizers & Chemicals Limited**<br>1. Member – CSR Committee<br>2. Member – Nomination and Remuneration Committee<br>3. Member – Risk Mgt. Committee |

*For details regarding the number of meetings of the Board / Committees attended by the above Directors during the year and remuneration drawn / sitting fees received, please refer to the Board's Report and the Corporate Governance Report forming part of this Annual Report.

# DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting their 58th Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2020.

## 1. Financial highlights of the Company

(₹ in Crores)

| Sr. No. | Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|---|
| | | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| 1 | Gross Sales | 7620.82 | 8574.54 | 7797.98 | 8490.67 |
| 2 | Other Income | 109.19 | 104.90 | 106.51 | 107.53 |
| 3 | Total Revenue | 7730.01 | 8679.44 | 7904.49 | 8598.20 |
| 4 | Less : Operating Expenses | 7318.13 | 7827.15 | 7480.76 | 7742.01 |
| 5 | Operating Profit | 411.88 | 852.29 | 423.73 | 856.19 |
| 6 | Less : Finance Cost | 114.69 | 61.26 | 114.80 | 61.01 |
| 7 | Gross Profit | 297.19 | 791.02 | 308.93 | 795.18 |
| 8 | Less : Depreciation | 170.21 | 125.61 | 170.95 | 126.25 |
| 9 | Exceptional Item | 0 | 0 | 0 | 0 |
| 10 | Profit before Taxes | 126.98 | 665.42 | 137.98 | 668.92 |
| 11 | Shares in Profit/(Loss) of Associates | 0.00 | 0.00 | 2.94 | 0.02 |
| 12 | Profit before taxes after Associates | 126.98 | 665.42 | 140.92 | 668.94 |
| 13 | Taxation | | | | |
| | • Current Tax | - | 123.23 | 2.99 | 125.61 |
| | • Deferred Tax (net) | 24.79 | 53.11 | 24.79 | 54.81 |
| | • Mat Credit recognized | - | (6.89) | - | (6.89) |
| | • Earlier year tax | 3.49 | 2.29 | 3.49 | 2.29 |
| 14 | Profit after taxes | 98.70 | 493.68 | 109.64 | 493.13 |
| 15 | Non-controlling Interest | 0.00 | 0.00 | -0.06 | -0.001 |
| 16 | Other comprehensive income arising from re-measurement of defined benefit plan | (201.20) | (8.37) | (201.22) | (8.35) |
| 17 | Balance brought forward from last year | 431.69 | 432.06 | 472.52 | 473.52 |
| 18 | Amount available in retained earnings | 329.19 | 917.37 | 380.89 | 958.30 |
| 19 | Payment of Dividend | | | | |
| | - Dividend | 87.66 | 87.66 | 87.66 | 87.66 |
| | - DDT Paid | 18.02 | 18.02 | 18.12 | 18.12 |
| 20 | Transfer to General Reserve | - | 380.00 | - | 380.00 |
| 21 | Leaving a balance in retained earnings | 223.51 | 431.69 | 275.11 | 472.53 |

## 2. Dividend:

Your Directors are happy to recommend a dividend @ 60%, i.e. ₹ 1.20/- per Equity Share (Face value of ₹ 2/- each) on 39,84,77,530 shares (Previous Year - 110%, i.e. ₹ 2.20 per share on 39,84,77,530 Equity Shares of ₹ 2/- each) for the financial year ended 31st March, 2020. The net outgo on account of Dividend shall be ₹ 47.82 Crores. The Dividend shall be paid to those members, whose names shall appear on the Register of Members of the Company on the Book Closure Date i.e. on 15/09/2020.

## 3. Brief description of the Company's working during the year/ State of Company's affair:

Your directors wish to report that your Company has achieved turnover of ₹ 7620.82 Crores for the year ended March 31, 2020 as against ₹ 8574.53 Crores (FY 18-19) on standalone basis, which is lower by 36% (₹953.71 Crores) when compared to the previous financial year.

Similarly, for the year under review (FY 2019-20), Profit before Tax (PBT) was ₹ 126.98 Crores and Net Profit (Profit after Tax) was ₹ 98.70 Crores as against PBT of ₹ 665.42 Crores and PAT of ₹ 493.68 Crores for the previous financial year.

## 4. Material changes and commitments:

The Company has not made any material changes or commitments which affect the financial position of the Company between the end of the financial year of the Company to which the financial statements relate and the date of signing of this report.

**Global Pandemic COVID-19**

This year Novel Coronavirus (Covid-19) Pandemic has affected the majority of the countries globally including India. Apart from human suffering, it has also caused major economic disruptions. The Government of India has issued various Advisories/Guidelines on preventive measures to contain the spread of Covid-19. The lockdowns and restrictions imposed on various activities due to Covid-19 pandemic have posed challenges to the businesses of the Company. In order to control the spread of Covid-19, the Government had issued various guidelines including nation-wide lockdown with effect from 25th March 2020 for 21 days which was further extended upto May 2020. Initially, the Company reduced its manufacturing operations of its various plants at Vadodara Unit and Sikka Unit with effect from 25th March 2020, resulting into significant reduction in economic activities. Later on, the Company had taken complete shut-down of its plants at Vadodara Unit and Sikka Unit in line with the Government of India's announcement from time to time to observe nation-wide lockdown. From 3rd April, 2020 onwards, the Company resumed partial operation of its various plants at Vadodara Unit and Sikka Unit in phased manner considering the requirements of various municipal corporations and other essential industries after obtaining necessary permissions from the concerned Authorities. As many of the Company's products are categorized under essential items, the plant operations were resumed after a few days of lockdown at minimum capacity due to manpower and demand constraints. The Company continued with plant operations with minimum of manpower, exercising precautions of social distancing in compliance with Central and State Government Authorities' guidelines. The Company had adopted "Work from Home Policy" for its employees. Effective from 1st May, 2020, all plants at Vadodara Unit and Sikka Unit have started operating at full capacity.

All these factors have also adversely affected the progress of ongoing projects under execution which may result into delay in completion of these projects. However, all efforts are being made to minimize the delay in completion of these projects. In assessing the recoverability of Company's assets such as investments, loans, advances and other financial and non-financial assets, the Company has considered internal and external information and has performed sensitivity analysis on the assumptions used basis the internal and external information / indicators of future economic conditions and expects to recover the carrying amount of the assets. The management has evaluated the various financial ratios, expected ageing and maturities of assets and liabilities and the various internal and external information available. The management does not see any risks to Company's ability to continue as a going concern and expects that the Company will be able to meet its liabilities in the foreseeable future, as and when the same fall due. There has been no other material changes and commitments, which affect the financial position of the Company which have occurred between the end of the Financial Year 2019-20 and the date of this Report. There has been no change in the nature of business of the Company.

## 5. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company’s operations in future:

There are no such orders except those which have been appropriately challenged before the judiciary and no impact on going concern status and Company’s operation in future of such matters are expected or visualised at the current stage at which they are.

## 6. Details in respect of adequacy of internal financial controls with reference to the Financial Statements:

Your Company has an internal Control System which commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function lies with the Audit Committee of Directors. The Audit Committee monitors and evaluates the efficacy and adequacy of internal control systems, accounting procedures and policies. Based on the report of Internal Auditors, significant audit observations and actions taken on such observations are presented to the Audit Committee of the Board.

## 7. Details of Subsidiary/Joint Ventures/Associate Companies:

During the year under review, Companies listed below are the Subsidiary Company or Associate Companies:

- Subsidiary Company - GSFC Agrotech Limited.
  Gujarat Port and Logistics Company Limited*
- Associate Companies - Vadodara Enviro Channel Limited
  Gujarat Green Revolution Company Limited
  Gujarat Data Electronics Limited
  Karnalyte Resources INC
- Subsidiary of Subsidiary - Gujarat Arogya Seva Private Limited.

*Gujarat Port and Logistics Company Limited was incorporated on 03/02/2020 as a Joint Venture Company by Gujarat State Fertilizers & Chemicals Limited and Gujarat Maritime Board with proposed investment in the ration of 60:40 respectively. A report of the performance and financial position of each of the subsidiaries, associates and joint venture companies as per the Companies Act, 2013 is provided at Annexure - A to the Consolidated Financial Statement and hence not repeated here for the sake of brevity. The Company does not have any material subsidiary in terms of Company's Act, 2013 read with SEBI (Listing Obligation & Disclosure Requirement) Regulations.

## 8. Listing of Shares & Depositories:

The Equity Shares of your Company are listed on the BSE Limited (BSE) and National Stock Exchange of India Ltd. (NSE). As approved by the shareholders, an application for voluntary delisting of Equity Shares from Calcutta Stock Exchange Association Ltd., Kolkatta, was made, however, the approval for delisting is still awaited. The listing fee for the FY 20-21 has been paid to both the Stock Exchanges.

Your Directors wish to state that the Equity Shares of your Company are compulsorily traded in dematerialized form w.e.f. 26/06/2000. Presently, 97.94% of shares are held in electronic/ dematerialized form.

## 9. Report on Corporate Governance And Management Discussion And Analysis Report To Shareholders:

Your Company has complied with all the mandatory requirements of Corporate Governance norms as mandated by SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

A separate report on Corporate Governance together with the Certificate of M/s. Samdani Kabra & Associates, Company Secretaries, Vadodara forms part of this Annual Report. The Management Discussion & Analysis report also forms part of this Annual Report.

## 10. Business Responsibility Reporting

Business Responsibility Report forms part of this Annual Report **Annexure-E** as required under Regulation 34(2) (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## 11. Fixed Deposits

During the year 2019-20, your Company has not accepted/ renewed any Fixed Deposit. Your Directors wish to report that there are **NIL** Fixed Deposits aggregating ₹ **NIL** which have remained unclaimed by Depositors, as on 31st March, 2020. Letters reminding them to seek repayment have been sent. Upto and including the date of this report, **Nil** deposits have been repaid.

During the year, the Company has transferred a sum of ₹ **0.69** Lakhs being the unclaimed deposits and interest amount thereon to the Investors' Education and Protection Fund (IEPF) as required in terms of Section 125 of the Companies Act, 2013. The Company has discontinued accepting new deposits since 15.11.2005, and renewing the deposits since 31.03.2009.

## 12. Insurance:

All the properties and insurable interests of the Company, including the buildings, plant & machinery and stocks have been adequately insured. Also, as required under the Public Liability Insurance Act, 1991, your Company has taken the appropriate insurance cover.

## 13. Expansion & Diversification

➢ **Projects under Development:**

**Urea Plant Revamping Project:**

To reduce the energy consumption of existing Urea plants and to improve the plant reliability of vintage plant, your company is considering to carry out revamping of Urea-II Plant. The feasibility study for the Project has been completed from Process Licensors and Company is in process of carrying out Detail Project Report from reputed consultant. Also, company has invited offers from Process Licensors for supply of Technology and Basic Engineering Package.

**400 MTPD Sulphuric Acid Plant at Vadodara Unit :**

To minimize Sulphuric Acid purchase from market and to meet the captive requirement, your company is considering to set up 400 MTPD Sulphuric Acid Plant on LSTK basis at Vadodara Unit. The plant will also export about 440 MTPD steam to the complex which will reduce load on NG fired boilers. Company is in process of carrying out Detail Project Report from reputed consultant.

**400 MTPD Ammonium Sulphate Plant at Vadodara Unit:**

To capture growing market of Ammonium Sulphate, your company is considering to set up 400 MTPD Ammonium Sulphate Plant at Vadodara Unit. Company is in process of carrying out Detail Project Report from reputed consultant.

**PA & APS Plants refurbishment:**

To improve productivity, efficiency and reliability of the old PA and APS Plants established in the year 1967, Your Company has taken up refurbishment of these plants.

**15 MW Solar Power Project at Charanka:**

To make use of green energy & meet Renewable Purchase Obligation (RPO) requirement, your company is considering to install 15 MW ground mounted solar power plant at Charanka, Gujarat. Company is in process of floating of RFP to reputed vendors.

**Expansion of Sikka Jetty for better Utilization:**

Considering the high cost, about ₹ 800 Crores for the Project which will add to PA/SA Project cost at Sikka, complexity of the operation for which GSFC has no experience and addition of Operating cost, your company is not moving ahead with the Project. As an alternative, your company has initiated discussions with M/s Essar Port for unloading of imported rock phosphate for PA Project at Sikka which is a cheaper option.

**Methyl Methacrylate (MMA) Plant at Dahej:**

Considering uncertainty for sourcing of major raw material C4 Raffinate from OPaL, recent downtrend in the chemical market, Global demand / supply outlook, Your Company is not moving ahead with the Project.

**Caprolactam Plant at Vadodara:**

Considering recent downtrend in the chemical market and international prices of Caprolactam your Company has put the Project on hold.

**NPK Pilot Plant at Sikka:**

It is essential to produce various grades of NPK in competitive market. For developing various NPK grades and optimization of process parameters for effective scale up, your Company is considering to install pilot plant at its Sikka unit

## 14. Information regarding conservation of energy, technology absorption, foreign exchange earnings and outgo and particulars of employees etc.

Information as required under Section 134 (3) (m) of Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are enclosed in Annexure "E" forming part of this report.

The details relating to Section 197 (12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have been disclosed in point # 5 of Corporate Governance Report.

## 15. Corporate Social Responsibility (CSR)

The Company has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Companies Act, 2013. As a part of its initiatives under "Corporate Social Responsibility", the Company has undertaken projects in the areas of education, livelihood, health, water and sanitation. The Annual Report on CSR activities is enclosed as Annexure A. CSR Policy adopted by the Company is placed on the Company's website at https://www.gsfclimited.com/social_commitment.asp?mnuid=1&fid=15

## 16. Directors

### A) Changes in Directors and Key Managerial Personnel:

Shri Arvind Agarwal, IAS has been appointed as Chairman and Managing Director of the Company w.e.f.07.12.2019 in place of Dr. J. N. Singh, IAS Chairman (till 01.12.2019) and Shri Sujit Gulati, IAS, Managing Director of the Company (till 06.12.2019).

Shri Pankaj Joshi, IAS has been appointed w.e.f. 21.12.2019 as rotational director and nominee of Finance Dept. to the Govt. of Gujarat in place of Shri Arvind Agarwal, IAS (who was the erstwhile nominee of Finance Dept. to the Govt. of Gujarat till 06.12.2019) and Smt. Sunaina Tomar, IAS has been appointed w.e.f. 04.01.2020 as rotational director in place of Shri Pankaj Joshi, IAS, Director, who was the erstwhile nominee of Energy and Petrochemicals Dept. to the Govt. of Gujarat on the Board of the Company.

Smt. Sunaina Tomar, IAS shall be liable to retire by rotation at the ensuing Annual General Meeting, being eligible, has offered herself for re-appointment.

The appropriate resolution/s and brief resume of Directors under appointment/ re-appointment at 58th Annual General Meeting is annexed to the Notice convening the 58th Annual General Meeting and it forms the integral part of this Annual Report and your Directors recommend the same for your approval.

The Board of Directors via circular resolution dated 02-09-2020 appointed;

(1) Shri Tapan Ray, DIN 00728682 as an additional director in the category of Independent Director of the Company with effective from 02-09-2020 and subject to approval of shareholders of the Company, the term of appointment of Shri Tapan Ray as an Independent Director of the Company shall be 5 (five) Years from the conclusion of 58th Annual General Meeting till the conclusion of 63rd Annual General Meeting.

(2) Dr. Ravindra Dholakiya, DIN 00069396 as an additional director in the category of Independent Director of the Company with effective from 02-09-2020 and subject to approval of shareholders of the Company, the term of appointment of Shri Ravindra Dholakiya as an Independent Director of the Company shall be 5 (five) Years from the conclusion of 58th Annual General Meeting till the conclusion of 63rd Annual General Meeting.

(3) Smt. Gauri Kumar DIN 01585999 as an additional director in the category of Independent Director of the Company with effective from 02-09-2020 and subject to approval of shareholders of the Company, the term of appointment of Smt. Gauri Kumar as an Independent Director of the Company shall be 5 (five) Years from the conclusion of 58th Annual General Meeting till the conclusion of 63rd Annual General Meeting.

(4) Dr. Sudhir Kumar Jain DIN 03646016 as an additional director in the category of Independent Director of the Company with effective from 02-09-2020 and subject to approval of shareholders of the Company, the term of appointment of Dr. Sudhir Kumar Jain as an Independent Director of the Company shall be 5 (five) Years from the conclusion of 58th Annual General Meeting till the conclusion of 63rd Annual General Meeting.

The Board of Directors is of the opinion that Shri Tapan Ray, Shri Ravindra Dholakiya, Smt. Gauri Kumar and Dr. Sudhir Kumar Jain are the persons of integrity with high level of ethical standards and they were holding senior positions in other organizations, all the directors possess requisite expertise and experience for appointment as Independent Director of the Company.

All the independent directors have submitted declarations that they meet the criteria of Independence as provided under section 149 (6) of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, the names of all the Independent Directors of the Company have been included in the data bank maintained by the Indian Institute of Corporate Affairs.

The brief resume of Directors with regard to appointment/ re-appointment at 58th Annual General Meeting is annexed to the Notice convening the 58th Annual General Meeting, which forms the integral part of this Annual Report.

**B) Board Evaluation:**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligation & Disclosure Requirement) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of its committees. The manner in which the evaluation has been carried out is explained in the Corporate Governance Report which forms the part of this Annual Report.

**C) Appointment and Remuneration Policy:**

The Board has on the recommendation of the Nomination and Remuneration Committee, framed a policy for selection and appointment of Directors, senior management and their remuneration. The details of Remuneration Policy and its weblink are contained in the Corporate Governance Report.

**D) Meetings:**

During the year, Six Meetings of the Board of Directors and Five meetings of the Audit Committee were held. The composition of Board and Committees along with details of attendance is contained in Corporate Governance Report.

## 17. Details of establishment of vigil mechanism for Directors and Employees:

The Company has a Vigil Mechanism Policy in place to deal with instances, if any, of the fraud, mismanagement, misappropriations, if any and the same is placed on the Company's website. The details of the policy as well as its weblink are contained in the Corporate Governance Report.

## 18. Particulars of loans, guarantees or investments under section 186:

Particulars of loans given, investments made, guarantee given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the standalone financial statement.

## 19. Particulars of contracts or arrangements with related parties:

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel and other Designated Persons which may have a potential conflict with the interest of the Company at large.

All Related party transactions were placed before the Audit Committee and also the Board of Directors for Approval. Prior omnibus approval of the Audit Committee is obtained and a statement giving details of transactions, if any, shall be continued to be placed before the Audit Committee meeting as mandated. The Company has developed a mechanism for identification of related party transactions and the Company is also having the system of monitoring of such transactions.

The particulars of every contract or 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 arms length transactions under third proviso thereto have been disclosed in **Annexure D** to this report.

## 20. Managerial Remuneration:

Details as required pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are contained in Corporate Governance Report.

## 21. Risk management policy:

The details of such Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report.

## 22. Directors' Responsibility Statement:

Pursuant to Section 134 (3) (c) of the Companies Act, 2013, your Directors confirm that:

a. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

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

c. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. The Directors had prepared the annual accounts on a going concern basis;

e. The Directors, in the case of a listed Company, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 23. Auditors:

### (a) Statutory Auditors

on recommendation of the Audit Committee, the Board of Directors has recommended for the appointment of M/s. T. R Chadha & Co. LLP, Ahmedabad, Chartered Accountants (Firm Registration No.006711N/ N500028) as the Statutory Auditors for the second term of three consecutive years i.e. to hold the office from the conclusion of 57$^{th}$ Annual General Meeting till the conclusion of 60$^{th}$ Annual General Meeting of the Company to be held in the year 2022.

The Companies Amendment Act, 2017 read with notification S O 1833(E) dated 7$^{th}$ May, 2018 has deleted the provision requiring annual ratification of the appointment of Auditors. Therefore a resolution relating to the ratification of appointment of Auditors (M/s. T R Chadha & Co., LLP, Ahmedabad, the Statutory Auditors) of the Company, who shall continue to hold office from the conclusion of 58$^{th}$ Annual General Meeting of the Company till the conclusion of 59$^{th}$ Annual General Meeting of the Company, has not been included in the notice convening 58$^{th}$ Annual General Meeting.

### (b) Cost Auditors:

In terms of the Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, the Company is required to maintain cost accounting records and get them audited every year.

The Board of Directors of your Company, on the recommendations made by the Audit Committee has approved appointment of M/s Diwanji & Company, Cost Accountants, Vadodara (Firm Registration Number 000339) as the Cost Auditors of your Company to conduct the audit of cost records for the Financial Year 2020-21. The remuneration proposed to be paid to the Cost Auditor is placed for your ratification at the ensuing 58$^{th}$ Annual General Meeting. The Cost Auditors for the F.Y. 2019-20 was filed within stipulated time.

(c) **Internal Auditors:**

Your Company has appointed M/s Talati & Talati, Chartered Accountants, Vadodara, as Internal Auditors of Baroda & Sikka Unit for Financial Year i.e. 2020-21.

(d) **Secretarial Auditors & Secretarial Audit Report:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Niraj Trivedi, Practicing Company Secretary to undertake the secretarial audit of the Company. The Report of the Secretarial Auditor is enclosed as Annexure B.

## 24. Auditors' Report

There are no comments/ observations, reservations or adverse remarks in the Auditors Report and Secretarial Audit Report and hence no clarifications need to be given on their clean report.

## 25. Extract of the Annual Return:

Link of annual report as per the Companies Amendment Act, 2017 is **Annexure-C** as below;

www.gsfclimited.com/statu_comp.asp?mnuid=12

## 26. Human Resources:

Your Directors are happy to acknowledge that the well positioned human resource of the Company have been key drivers in implementing ideas, polices, cultural and behavioral aspects of the organization and ultimately with their outstanding performance has helped the Company to realize its objectives. Your Directors are happy to place on record their appreciation for highly potential, consistent and ethical employees for their remarkable contribution to the Company.

Industrial Relations have remained cordial during the period under report.

## 27. Acknowledgements:

Your Directors place on record their appreciation for the overwhelming co-operation and assistance received from the Government of Gujarat, Government of India, Bank of Baroda and other Banks and agencies. Your Directors also wish to express their gratitude to the investors for their continued support and faith reposed in the Company.

For and on behalf of the Board
Sd/-
**Arvind Agarwal, IAS**
Chairman & Managing Director

Place : Fertilizernagar
Date : 02nd September, 2020

## ANNEXURE "A" TO DIRECTORS' REPORT

## REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES (FY 2019-20)

1. **A brief outline of the Company's CSR policy, overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**

   Ever since its inception in 1962, Gujarat State Fertilizers and Chemicals Ltd (GSFC) is serving the community towards enriching lives of all its stake holders. Even before the concept of Corporate Social Responsibility (CSR) got clad into legal frame-work through Companies Act 2013, there existed a Village Development Cell which served the community with great commitment. The present CSR Policy is amended and documented with a candid objective of formalizing the Company's CSR activities within the prescribed legal frame work of the Companies Act, 2013(Section 135 read with Schedule VII) and the CSR Rules, 2014. This policy shall apply to all CSR activities taken up at the various Plants/Business locations, to include Liaison Offices, Marketing Offices and Depots of GSFC.

   The GSFC's CSR Policy clearly states that "GSFC is committed to integrate its business values, ethics and professional skills to meet the expectations of all our stakeholders by developing, encouraging and supporting various social and economic initiatives, without any duplication of government policies, through our industrial expertise for Sustainable Development."

   **Web link: www.gsfclimited.com**

2. **The present Composition of the CSR Committee:**

| Sr. | Name | Category |
|---|---|---|
| 1 | Shri Arvind Agrawal | Chairman |
| 2 | Shri D C Anjaria | Member |
| 3 | Smt. Geeta Goradia | Member |
| 4 | Smt Sunaina Tomar | Member |
| 5 | Shri Pankaj Joshi | Member |

3. **Average net profit of the company for last three financial years :** ₹ 495 Crores
4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above) :** ₹ 9.90 (i.e. 2% of ₹ 495 Crores).
5. **Details of CSR spend for the financial year :**
   (a) Total amount to be spent for the financial year: ₹ 9.90 Crores.
   (b) Amount unspent, if any: Not Applicable
   (c) Manner in which the amount spent during the financial year is detailed below: (Amount in ₹)

| Sr. No. | CSR project or activity identified | Sector in which the project is covered | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs: 1.Direct expenditure on projects 2. Overhead | Cumulative expenditure up to the reporting period (Since FY 2014-15) |
|---|---|---|---|---|---|
| 1 | Education | Education | 7,05,04,100 | 7,05,04,100 | 44,85,53,192 |
| 2 | Drinking Water | Safe Drinking Water | 24,15,200 | 24,15,200 | 5,90,34,808 |
| 3 | Contribution and Donations | Education, Health, Women Empowerment | 1,92,79,427 | 1,92,79,427 | 8,62,26,498 |
| 4 | Other Local Activities | Rural Development Projects | 68,01,273 | 68,01,273 | 1,22,50,560 |
| | | **Total** | **9,90,00,000** | **9,90,00,000** | **60,60,65,058** |

*Note:*
1. *Sr. No. 1 GSFC University, Schools run by GSFC at three units and work for government primary school is merged together as education.*
2. *This table shows expenditure incurred at all four units of GSFC consolidated.*

6. **In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report:** Not Applicable.
7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company:**

   The implementation and monitoring of CSR policy is in compliance with the CSR objective and policy of the company.

| | |
|---|---|
| Person specified under clause(d) of sub-section(1) of section 380 of the Act) (wherever applicable) | Sd/- Chairman CSR Committee |

## ANNEXURE "B" TO DIRECTORS' REPORT

### FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

**FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2020**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members
**GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED**
P.O. Fertilizernagar,
Vadodara – 391750.

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

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

Based on our verification of the Company's books, papers, 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 and considering the relaxations granted by the Ministry of Corporate Affairs (MCA) and Securities and Exchange Board of India (SEBI) warranted due to the spread of the COVID- 19 pandemic, We hereby report that in our opinion, the Company has, during the audit period covering the **financial year ended on 31st March, 2020** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

**(i)** The Companies Act, 2013 (the Act) and the rules made thereunder (Including any statutory modification(s) or re-enactments(s) thereof, for the time being in force);

**(ii)** The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
(Including any statutory modification(s) or re-enactments(s) thereof, for the time being in force);

**(iii)** The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; (Including any statutory modification(s) or re-enactments(s) thereof, for the time being in force);

**(iv)** Foreign Exchange Management Act, 1999 (FEMA) and the rules and regulations made there under to the extent of Foreign Direct Investment (FDI), Overseas Direct Investment (ODI) and External Commercial Borrowings (ECB); (Including any statutory modification(s) or re-enactments(s) thereof, for the time being in force):- **Not applicable during the audit period**

**(v)** The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') (including any statutory modification(s) or re-enactments(s) thereof, for the time being in force):-

- **(a)** The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- **(b)** The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- **(c)** The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018**;- Not applicable to the Company during the Audit Period** ;
- **(d)** The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; - **Not applicable to the Company during the Audit Period**
- **(e)** The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- **(f)** The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- **(g)** The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **Not applicable to the Company during the Audit Period** and
- **(h)** The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; - **Not applicable to the Company during the Audit Period**

**(vi)** **Other applicable laws**: Based on the information provided and the representation made by the Company and its Officers and also on the review of the compliance reports taken on record by the Board of Director of the Company, in our opinion, adequate systems and processes exist in the Company to monitor and ensure compliances under other applicable Acts, Laws and Regulations as applicable to the Company as given below:

- i. The Apprentices Act, 1961
- ii. The Contract Labour (R & A) Act, 1970
- iii. The Child Labour (P & R) Act, 1986
- iv. The Industrial Employment (Standing Orders) Act, 1946
- v. The Industrial Disputes Act, 1947
- vi. The Minimum Wages Act, 1948

vii. The Payment of Gratuity Act, 1972
viii. The Employees Provident Fund and Miscellaneous Provisions Act, 1952;
ix. The Equal Remuneration Act, 1976
x. The Employees State Insurance Act, 1948
xi. The Payment of Bonus Act, 1965
xii. The Payment of Wages Act, 1936
xiii. The Factories Act, 1948
xiv. The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
xv. The Employees Compensation Act, 1923
xvi. The Maternity Benefit Act, 1961
xvii. The Sexual Harassment of Women at Workplace (PD & R) Act, 2013
xviii. The Collection of Statistics Act, 2008
xix. Gujarat Physically Handicapped Persons (Employment in Factories) Act 1982.
xx. The Water Cess Act, 1972
xxi. The Dangerous Machines (Regulation) Act, 1936
xxii. The Environment Protection Act, 1986
xxiii. The Personal Injuries (Compensation Insurance) Act, 1963
xxiv. The Professional Tax Act, 1976
xxv. The Public Liability Insurance Act, 1991
xxvi. The Air (Prevention & Control of Pollution) Act, 1981
xxvii. The Water (Prevention & Control of Pollution) Act, 1974
xxviii. The Hazardous Waste Act, 1989
xxix. The Trade Union Act, 1926
xxx. The Weekly Holidays Act, 1942
xxxi. The Building and Other Construction Workers Act, 1996

We 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 Listing Agreements entered into by the Company with BSE Limited (BSE); National Stock Exchange of India Ltd. (NSE) read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

**(iii)** Framework for listing of Commercial Paper as per SEBI circular SEBI/HO/DDHS/CIR/P/115 dated 22nd October 2019.

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

**We further report that -**

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

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

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

**We 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.

**We further report that** during the audit period, following major event have happened which is deemed to have major bearing on the company's affairs in pursuance of above referred laws, rules, regulations, guidelines etc.

1. During the year under review, Company issued and allotted 21 Commercial paper (CP) aggregating to ₹3100 Crore and same has been listed on the National Stock Exchange of India Limited (NSE).
2. During the year under review, Company has incorporated its subsidiary company namely Gujarat Port and Logistics Company Limited in the state of Gujarat.

Place : Vadodara
Date : 18th July, 2020

Signature : **Sd/-**
Name of PCS : **NIRAJ TRIVEDI**
C. P. No. : **3123**
PR. : **499/2016**
UDIN : **F003844B000472081**

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 "B" TO DIRECTORS' REPORT (Contd.)

## 'ANNEXURE A' TO SECRETARIAL AUDIT REPORT

To,
The Members
**GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED**
P.O. Fertilizernagar,
Vadodara - 391750

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Vadodara
Date : 18th July, 2020

Signature : **Sd/-**
Name of PCS : **NIRAJ TRIVEDI**
C. P. No. : **3123**
PR. : **499/2016**
UDIN : **F003844B000472081**

# ANNEXURE "C" TO DIRECTORS' REPORT

**Form No. MGT-9**
**EXTRACT OF ANNUAL RETURN as on the Financial Year ended on 31.03.2020**
[Pursuant to section 92(3) *of the Companies Act, 2013* and
rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS:

| | | |
|---|---|---|
| i | CIN:- | L99999GJ1962PLC001121 |
| ii | Registration Date: | 15.02.1962 |
| iii | Name of the Company: | GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED |
| iv | Category / Sub-Category of the Company: | Public Limited Company |
| v | Address of the Registered office and contact details: | P O Fertilizernager – 391 750, Dist: Vadodara,<br>Tel. 0265 2242451, Fax. 0265 2240966<br>website: www.gsfclimited.com |
| vi | Whether listed company: | Yes |
| | Details of the Stock Exchanges where shares are listed | Stock Exchange Name — Name Code<br>BSE Limited (BSE) — 500690<br>The National Stock Exchange of India Limited (NSE) — GSFC |
| vii | Name, Address and Contact details of Registrar and Transfer Agent: | Link Intime India Pvt. Ltd.<br>B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank,<br>Near Radhakrishna Char Rasta, Akota. Vadodara -390 020<br>Phone : (0265) 2356573/2366794 Fax : (0265) 2356791<br>Email : vadodara@linkintime.co.in |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sr. No. | Name and Description of main products/ services | NIC code of Product | % of total turnover of the company |
|---|---|---|---|
| 1 | Fertilizers | 2012 | 71.07% |
| 2 | Chemicals | 2011 | 28.93% |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

| Sr. No. | Name and Address of the Company | CIN/GLN | Holding / Subsidiary / Associate | % of Shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | GSFC Agrotech Limited<br>Administration Building, 1st Floor, Fertilizernagar,<br>P. O. Fertilizernagar – 391750 | U36109GJ2012PLC069694 | Subsidiary | 100.00% | 2 (87) |
| 2 | Gujarat Green Revolution Company Limited<br>Fertilizernagar Township, P. O. Fertilizernagar – 391750 | U63020GJ1998PLC035039 | Associate | 46.87% | 2 (6) |
| 3 | Vadodara Enviro Channel Limited<br>Plot no. 304/1, 317 & 318, At and Post Dhanora, Vadodara – 391 346 | U51395GJ1999PLC036886 | Associate | 28.57% | 2 (6) |
| 4 | Gujarat Data Electronics Limited#<br>A-78-6-7 GIDC Electronics Estate, Gandhinagar-15 | U39308GJ1985PLC008058 | Associate | 23.00% | 2 (6) |
| 5 | Gujarat Arogya Seva Private Limited<br>1st Floor, Administrative Building<br>P. O. Fertilizernagar Vadodara Vadodara GJ 391750 IN | U74999GJ2017PTC096542 | Subsidiary of Subsidiary | 100.00% | 2 (87) |
| 6 | Karnalyte Resources INC<br>104 - 26 Crystalridge Drive, Okotoks, Alberta | - | Associate | 38.73% | 2 (6) |

\# The Company is Dormant and 100% provision for diminution in value of investment has been accounted in the books of GSFC Limited.

# ANNEXURE "C" TO DIRECTORS' REPORT (Contd.)

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

### *i) Category-wise Share Holding*

| *Category of Shareholders* | *Shareholding at the beginning of the year 2019* | | | | *Shareholding at the end of the year 2020* | | | | *% change during the year* |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | total | % of total shares | Demat | Physical | Total | % of total shares | |
| (A) Shareholding of Promoter and Promoter Group | | | | | | | | | |
| [1] Indian | | | | | | | | | |
| (a) Individuals/Hindu Undivided Family | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| (b) Central Government / State Government(s) | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| (c) Financial Institutions / Banks | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| (d) Any Other (Specify) | | | | | | | | | |
| Bodies Corporate | 150799905 | 0 | 150799905 | 37.8440 | 150799905 | 0 | 150799905 | 37.8440 | 0.0000 |
| Sub Total (A)(1) | 150799905 | 0 | 150799905 | 37.8440 | 150799905 | 0 | 150799905 | 37.8440 | 0.0000 |
| [2] Foreign | | | | | | | | | |
| (a) Individuals (Non-Resident Individuals / Foreign Individuals) | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| (b) Government | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| (c) Institutions | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| (d) Foreign Portfolio Investor | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| (e) Any Other (Specify) | | | | | | | | | |
| Sub Total (A)(2) | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| Total Shareholding of Promoter & Promoter Group(A)=(A)(1)+(A)(2) | 150799905 | 0 | 150799905 | 37.8440 | 150799905 | 0 | 150799905 | 37.8440 | 0.0000 |
| (B) Public Shareholding | | | | | | | | | |
| [1] Institutions | | | | | | | | | |
| (a) Mutual Funds / UTI | 19067928 | 3050 | 19070978 | 4.7860 | 8375198 | 2550 | 8377748 | 2.1024 | -2.6836 |
| (b) Venture Capital Funds | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| (c) Alternate Investment Funds | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| (d) Foreign Venture Capital Investors | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| (e) Foreign Portfolio Investor | 75098737 | 0 | 75098737 | 18.8464 | 78260071 | 0 | 78260071 | 19.6398 | 0.7934 |
| (f) Financial Institutions / Banks | 39706487 | 141870 | 39848357 | 10.0002 | 40900769 | 141045 | 41041814 | 10.2997 | 0.2995 |
| (g) Insurance Companies | 0 | 0 | 0 | 0.0000 | 2126387 | 0 | 2126387 | 0.5336 | 0.5336 |
| (h) Provident Funds/ Pension Funds | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| (i) Any Other (Specify) | | | | | | | | | |
| Foreign Bank | 150 | 0 | 150 | 0.0000 | 150 | 0 | 150 | 0.0000 | 0.0000 |
| Sub Total (B)(1) | 133873302 | 144920 | 134018222 | 33.6326 | 129662575 | 143595 | 129806170 | 32.5755 | -1.0571 |
| [2] Central Government/State Government(s)/President of India | | | | | | | | | |
| Sub Total (B)(2) | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| [3] Non-Institutions | | | | | | | | | |
| (a) Individuals | | | | | | | | | |
| (i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | 50842281 | 6379438 | 57221719 | 14.3601 | 52649238 | 5551708 | 58200946 | 14.6058 | 0.2457 |
| (ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 11819197 | 0 | 11819197 | 2.9661 | 15364455 | 0 | 15364455 | 3.8558 | 0.8897 |
| (b) NBFCs registered with RBI | 79035 | 0 | 79035 | 0.0198 | 58030 | 0 | 58030 | 0.0146 | -0.0052 |
| Trust Employee | 25325 | 0 | 25325 | 0.0064 | 44225 | 0 | 44225 | 0.0111 | 0.0047 |
| (d) Overseas Depositories(holding DRs) (balancing figure) | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| (e) Any Other (Specify) | | | | | | | | | |
| IEPF | 1658610 | 0 | 1658610 | 0.4162 | 1819628 | 0 | 1819628 | 0.4566 | 0.0404 |
| Trusts | 34435 | 0 | 34435 | 0.0086 | 33975 | 0 | 33975 | 0.0085 | -0.0001 |
| Foreign Nationals | 0 | 0 | 0 | 0.0000 | 12334 | 0 | 12334 | 0.0031 | 0.0031 |
| Coperatives Socities | 13395 | 2357655 | 2371050 | 0.5950 | 13395 | 2335235 | 2348630 | 0.5894 | -0.0056 |
| Hindu Undivided Family | 3479929 | 1770 | 3481699 | 0.8738 | 3646580 | 1770 | 3648350 | 0.9156 | 0.0418 |
| Non Resident Indians (Non Repat) | 923841 | 0 | 923841 | 0.2318 | 826718 | 0 | 826718 | 0.2075 | -0.0243 |
| Other Directors | 1450 | 0 | 1450 | 0.0004 | 1450 | 0 | 1450 | 0.0004 | 0.0000 |
| Non Resident Indians (Repat) | 1283166 | 146780 | 1429946 | 0.3589 | 1746119 | 145265 | 1891384 | 0.4747 | 0.1158 |
| Foreign Portfolio Investor (Individual) | 5100 | 0 | 5100 | 0.0013 | 20900 | 0 | 20900 | 0.0052 | 0.0039 |
| Clearing Member | 965100 | 0 | 965100 | 0.2422 | 486311 | 0 | 486311 | 0.1220 | -0.1202 |
| Bodies Corporate | 33591071 | 51825 | 33642896 | 8.4429 | 33068199 | 45920 | 33114119 | 8.3102 | -0.1327 |
| Sub Total (B)(3) | 104721935 | 8937468 | 113659403 | 28.5234 | 109791557 | 8079898 | 117871455 | 29.5805 | 1.0571 |
| Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3) | 238595237 | 9082388 | 247677625 | 62.1560 | 239454132 | 8223493 | 247677625 | 62.1560 | 0.0000 |
| Total (A)+(B) | 389395142 | 9082388 | 398477530 | 100.0000 | 390254037 | 8223493 | 398477530 | 100.0000 | 0.0000 |
| (C) Non Promoter - Non Public | | | | | | | | | |
| [1] Custodian/DR Holder | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| [2] Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014) | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| Total (A)+(B)+(C) | 389395142 | 9082388 | 398477530 | 100.0000 | 390254037 | 8223493 | 398477530 | 100.0000 | |

## ANNEXURE "C" TO DIRECTORS' REPORT (Contd.)

*(ii) Shareholding of Promoters*

| Sr No. | Name & Type of Transaction<br>Name & Type of Tran | Shareholding at the beginning of the year – 2019 | | Transactions during the year | | Cumulative Shareholding at the end of the year - 2020 | |
|---|---|---|---|---|---|---|---|
| | | NO.OF SHARES HELD | % OF TOTAL SHARES OF THE COMPANY | DATE OF TRANSACTION | NO. OF SHARES | NO OF SHARES HELD | % OF TOTAL SHARES OF THE COMPANY |
| 1 | GUJARAT STATE INVESTMENTS LIMITED | 150799905 | 37.8440 | | | 150799905 | 37.8440 |
| | AT THE END OF THE YEAR | | | | | 150799905 | 37.8440 |

*(iii) Change in promoters' shareholding (please specify, if there is no change)*

| Sr No | Shareholder's Name | Shareholding at the beginning of the year – 2019 | | | Shareholding at the end of the year - 2020 | | |
|---|---|---|---|---|---|---|---|
| | | NO.OF SHARES HELD | % of total Shares of the company | %of Shares Pledged /encumbered to total shares | NO.OF SHARES HELD | % of total Shares of the company | %of Shares Pledged/ encumbered to total shares |
| 1 | GUJARAT STATE INVESTMENTS LIMITED | 150799905 | 37.8440 | 0.0000 | 150799905 | 37.8440 | 0.0000 |
| | Total | 150799905 | 37.8440 | 0.0000 | 150799905 | 37.8440 | 0.0000 |

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

| Sr No. | Name & Type of Transaction | Shareholding at the beginning of the year – 2019 | | Transactions during the year | | Cumulative Shareholding at the end of the year - 2020 | |
|---|---|---|---|---|---|---|---|
| | | NO. OF SHARES HELD | % OF TOTAL SHARES OF THE COMPANY | DATE OF TRANSACTION | NO. OF SHARES | NO OF SHARES HELD | % OF TOTAL SHARES OF THE COMPANY |
| 1 | LIFE INSURANCE CORPORATION OF INDIA | 31797658 | 7.9798 | | | 31797658 | 7.9798 |
| | AT THE END OF THE YEAR | | | | | 31797658 | 7.9798 |
| 2 | FIDELITY PURITAN TRUST-FIDELITY LOW-PRICED STOCK FUND | 28500000 | 7.1522 | | | 28500000 | 7.1522 |
| | AT THE END OF THE YEAR | | | | | 28500000 | 7.1522 |
| 3 | ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE PURE VALUE FUND | 8468806 | 2.1253 | | | 8468806 | 2.1253 |
| | Transfer | | | 05 Apr 2019 | 127500 | 8596306 | 2.1573 |
| | Transfer | | | 12 Apr 2019 | 197000 | 8793306 | 2.2067 |
| | Transfer | | | 19 Apr 2019 | 200000 | 8993306 | 2.2569 |
| | Transfer | | | 26 Apr 2019 | (111500) | 8881806 | 2.2289 |
| | Transfer | | | 31 May 2019 | 126900 | 9008706 | 2.2608 |
| | Transfer | | | 21 Jun 2019 | (23500) | 8985206 | 2.2549 |
| | Transfer | | | 29 Jun 2019 | (991700) | 7993506 | 2.0060 |
| | Transfer | | | 09 Aug 2019 | 28400 | 8021906 | 2.0131 |
| | Transfer | | | 13 Sep 2019 | 100000 | 8121906 | 2.0382 |
| | Transfer | | | 20 Sep 2019 | (100000) | 8021906 | 2.0131 |
| | Transfer | | | 27 Sep 2019 | 80000 | 8101906 | 2.0332 |
| | Transfer | | | 06 Dec 2019 | 96223 | 8198129 | 2.0574 |
| | Transfer | | | 17 Jan 2020 | 276000 | 8474129 | 2.1266 |
| | Transfer | | | 24 Jan 2020 | 62867 | 8536996 | 2.1424 |
| | Transfer | | | 07 Feb 2020 | (15115) | 8521881 | 2.1386 |
| | Transfer | | | 14 Feb 2020 | (15617) | 8506264 | 2.1347 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Transfer | | | 21 Feb 2020 | (33131) | 8473133 | 2.1264 |
| | Transfer | | | 06 Mar 2020 | (176107) | 8297026 | 2.0822 |
| | AT THE END OF THE YEAR | | | | | 8297026 | 2.0822 |
| 4 | GUJARAT ALKALIES AND CHEMICALS LIMITED | 7500000 | 1.8822 | | | 7500000 | 1.8822 |
| | AT THE END OF THE YEAR | | | | | 7500000 | 1.8822 |
| 5 | GUJARAT NARMADA VALLEY FERTILIZERS AND CHEMICALS LIMITED | 7500000 | 1.8822 | | | 7500000 | 1.8822 |
| | AT THE END OF THE YEAR | | | | | 7500000 | 1.8822 |
| 6 | VANDERBILT UNIVERSITY - ATYANT CAPITAL MANAGEMENT LIMITED | 4046331 | 1.0154 | | | 4046331 | 1.0154 |
| | Transfer | | | 13 Sep 2019 | 200000 | 4246331 | 1.0656 |
| | Transfer | | | 24 Jan 2020 | 100000 | 4346331 | 1.0907 |
| | Transfer | | | 31 Jan 2020 | 530000 | 4876331 | 1.2237 |
| | Transfer | | | 07 Feb 2020 | 770000 | 5646331 | 1.4170 |
| | Transfer | | | 21 Feb 2020 | 500000 | 6146331 | 1.5425 |
| | Transfer | | | 28 Feb 2020 | 47423 | 6193754 | 1.5544 |
| | AT THE END OF THE YEAR | | | | | 6193754 | 1.5544 |
| 7 | GOTHIC CORPORATION | 6114648 | 1.5345 | | | 6114648 | 1.5345 |
| | Transfer | | | 25 Oct 2019 | 42070 | 6156718 | 1.5451 |
| | AT THE END OF THE YEAR | | | | | 6156718 | 1.5451 |
| 8 | GOVERNMENT PENSION FUND GLOBAL | 6000001 | 1.5057 | | | 6000001 | 1.5057 |
| | Transfer | | | 06 Sep 2019 | 100000 | 6100001 | 1.5308 |
| | Transfer | | | 31 Jan 2020 | (21727) | 6078274 | 1.5254 |
| | Transfer | | | 07 Feb 2020 | (244000) | 5834274 | 1.4641 |
| | Transfer | | | 14 Feb 2020 | (513000) | 5321274 | 1.3354 |
| | Transfer | | | 20 Mar 2020 | (65973) | 5255301 | 1.3188 |
| | Transfer | | | 27 Mar 2020 | (187892) | 5067409 | 1.2717 |
| | Transfer | | | 31 Mar 2020 | (64593) | 5002816 | 1.2555 |
| | AT THE END OF THE YEAR | | | | | 5002816 | 1.2555 |
| 9 | GUJARAT MINERAL DEVELOPMENT CORPORATION LTD | 5000000 | 1.2548 | | | 5000000 | 1.2548 |
| | AT THE END OF THE YEAR | | | | | 5000000 | 1.2548 |
| 10 | CHINMAY G PARIKH | 7758 | 0.0019 | | | 7758 | 0.0019 |
| | Transfer | | | 27 Sep 2019 | 408832 | 416590 | 0.1045 |
| | Transfer | | | 30 Sep 2019 | 400000 | 816590 | 0.2049 |
| | Transfer | | | 06 Dec 2019 | 51206 | 867796 | 0.2178 |
| | Transfer | | | 06 Mar 2020 | 507969 | 1375765 | 0.3453 |
| | Transfer | | | 13 Mar 2020 | 40000 | 1415765 | 0.3553 |
| | Transfer | | | 20 Mar 2020 | 2766024 | 4181789 | 1.0494 |
| | AT THE END OF THE YEAR | | | | | 4181789 | 1.0494 |
| 11 | ATYANT CAPITAL INDIA FUND I | 4004405 | 1.0049 | | | 4004405 | 1.0049 |
| | AT THE END OF THE YEAR | | | | | 4004405 | 1.0049 |

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

None of the Key Managerial Personnel and/ or Directors are holding shares in their personal capacity except Shri D C Anjaria, holding 1450 Equity Shares as detailed in Corporate Governance Report.

## ANNEXURE "C" TO DIRECTORS' REPORT (Contd.)

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

| Particulars | Secured Loans Excluding deposits | | | | Unsecured Loans | | | | | | Deposits | Total indebtedness |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | ECB | term loan from bank | Cash Credit | Total | Buyer's Credit | ICD | OD | WCDL | Comm Paper | Total | | |
| Indebtedness at the beginning of the financial year | | | | | | | | | | | | |
| i) Principal Amount | 5203.53 | 20000 | 18252.69 | 43456.22 | 51298.95 | 0 | 14538.36 | 5000 | 0 | 70837.31 | 1.35 | 114294.88 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.79 | 0.79 |
| iii) Interest accrued but not due | 10.32 | 133.43 | 1.59 | 145.34 | 79.52 | 0 | 0 | 1.1 | 0 | 80.62 | 0 | 225.96 |
| Total (i+ii+iii) | 5213.85 | 20133.43 | 18254.28 | 43601.56 | 51378.47 | 0 | 14538.36 | 5001.1 | 0 | 70917.93 | 2.14 | 114521.63 |
| Change in Indebtedness during the financial year | | | | | | | | | | | | |
| Addition | 0 | 15000 | 0 | 15000 | 34592.41 | 114500 | 0 | 205500 | 145000 | 499592.41 | 0 | 514592.41 |
| Reduction (incl Ex. Variation Difference) | 5203.53 | -15000 | 1886.73 | -7909.74 | 85891.36 | 44000 | 14535.5 | 215500 | 145000 | 504926.86 | 1.25 | 497018.37 |
| Net Change Indebtedness at the end of the financial year | | | | | | | | | | | | |
| i) Principal Amount | 0 | 20000 | 16365.96 | 36365.96 | 0 | 70500 | 2.83 | 0 | 0 | 70502.83 | 0.89 | 106869.68 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| iii) Interest accrued but not due | 0 | 141.33 | 0.48 | 141.81 | 0 | 385.91 | 0 | 0 | 0 | 385.91 | 0 | 527.72 |
| Total (i+ii+iii) | 0 | 20141.33 | 16366.44 | 36507.77 | 0 | 70885.91 | 2.83 | 0 | 0 | 70888.74 | 0.89 | 107397.4 |
| ^ Cash Credit being a revolving facility, only the net change has been disclosed. | | | | | | | | | | | | |

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

***A. Remuneration to Managing Director, Whole-time Directors and/or Manager:*** **(₹ in Lakhs)**

| SN. | Particulars of Remuneration | | |
|---|---|---|---|
| | Name | Sujit Gulati | Arvind Agarwal |
| | Designation | Managing Director | Chairman and Managing Director |
| 1 | Gross salary | Total Amount (Rs/Lac) | Total Amount (Rs/Lac) |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 27.09 | 12.95 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - |
| 2 | Stock Option | 0.00 | 0.00 |
| 3 | Sweat Equity | 0.00 | 0.00 |
| 4 | Commission | 0.00 | 0.00 |
| | -as % of profit | 0.00 | 0.00 |
| | -others, specify | 0.00 | 0.00 |
| 5 | Others, please specify | 0.00 | 0.00 |
| | Total (A) | 27.09 | 12.95 |
| Ceiling as per the Act | | not applicable | |

## ANNEXURE "C" TO DIRECTORS' REPORT (Contd.)

***B. Remuneration to other directors:*** ***(Amount in ₹)***

| SN. | Particulars of Remuneration | Name of Directors | | | | | Total Amount (Rs.) |
|---|---|---|---|---|---|---|---|
| | Independent Directors | Shri D C Anjaria | Prof. Vasant Gandhi | Shri Ajay Shah | Shri Vijai Kapoor | Smt. Geeta Goradia | |
| 1 | Fee for attending board committee meetings | 2,10,000 | 2,40,000 | 40,000 | 90,000 | 1,70,000 | 7,50,000 |
| | Commission | | | | | | - |
| | Others, please specify | | | | | | - |
| | Total (1) | 2,10,000 | 2,40,000 | 40,000 | 90,000 | 1,70,000 | 7,50,000 |
| Other Non-Executive Directors | | Dr. J N Singh | Shri Pankaj Joshi | Shri Arvind Agarwal | Smt. Sunaina Tomar | | |
| 2 | Fee for attending board committee meetings | 40,000 | 30,000 | 40,000 | 30,000 | | 1,40,000 |
| | Commission | | | | | | - |
| | Others, please specify | | | | | | - |
| | Total (2) | 40,000 | 30,000 | 40,000 | 30,000 | | 1,40,000 |
| | Total (B)=(1+2) | 2,50,000 | 2,70,000 | 80,000 | 1,20,000 | 1,70,000 | 8,90,000 |

***C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD*** **(₹ in Lakhs)**

| SN. | Particulars of Remuneration | Name of Key Managerial Personnel | | Total Amount (Rs/Lac) |
|---|---|---|---|---|
| | Designation | CFO | CS | |
| 1 | Gross salary | Rs.54.61 Lakhs | Rs. 54.18 Lakhs | 108.79 |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | - | - |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| | Commission | - | - | |
| 4 | -as % of profit | - | - | - |
| | -others, specify | - | - | - |
| 5 | Others, please specify | - | - | - |
| | Total | Rs.54.61 Lakhs | Rs. 54.18 Lakhs | 108.79 |

**VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties/ punishments/ compounding of offences for the Financial Year ending 31/03/2020.

## ANNEXURE "D" TO DIRECTORS' REPORT

**Particulars of contracts/ arrangements made with related parties**

**Form No. AOC-2** (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

This Form pertains to 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 or arrangements or transactions not at arm's length basis.

**2. Details of material contracts or arrangement or transactions at arm's length basis;** **(₹ In Lakhs)**

| Related Party | Nature of Relationship | Nature/Type of Related Party Transaction | Duration of the Contract | Salient Feature | Value of the proposed transaction |
|---|---|---|---|---|---|
| GSFC Agrotech Limited | Subsidiary Company | Purchase of goods & Other expenses | Not applicable | Not applicable | 6,000 |
| | | Sale of materials/Goods | | | 60,000 |
| | | Commission income | | | 570 |
| | | Rent receipt | | | |
| | | Reimbursement of expense | | | 1,500 |
| | | Expenses recovered | | | - |
| | | Equity contribution | | | 2,000 |
| | | ICD Received | | | 6,000 |
| | | ICD Repaid | | | 6,000 |
| | | Interest expense on ICD | | | 480 |
| | | Dividend Received | | | - |
| | | Outstanding balance-Payable | | | - |
| | | Outstanding balance-Receivable | | | - |
| Vadodara Enviro Channel Limited | Associate Company | Usage of effluent channel | Not applicable | Not applicable | 550 |
| | | Outstanding balance-Payable | | | - |
| Gujarat Green Revolution Company | Associate Company | Expenses recovered | Not applicable | Not applicable | 400 |
| | | ICD Received | | | 30,000 |
| | | Interest expense on ICD | | | 436 |
| | | Dividend Received | | | - |
| | | Outstanding balance-Receivable | | | - |
| | | Outstanding balance-Loan | | | - |
| Karnalyte Resources Inc. | Associate Company | Expenses recovered | Not applicable | Not applicable | 250 |
| | | Provision for investment | | | - |
| Tunisian Indian Fertilizers ( TIFERT) | Other related party | Purchase of Material | | | 65,000 |
| | | Expenses recovered | | | 100 |
| | | Provision for investment | | | - |
| | | Advance to vendor | | | - |
| | | Outstanding balance - Receivable | | | - |
| GSFC Education Society | Related Party | Donation Granted | Not applicable | Not applicable | 1,000 |
| Chairman and Managing Director | KMP | Remuneration | Not applicable | Not applicable | 197 |
| Sh. V.D. Nanavaty | KMP | | | | |
| Sh. V. V. Vachhrajani | KMP | | | | |
| Gujarat Alkalies and Chemicals Ltd | Other Related Party | Purchase of Materials | Not applicable | Not applicable | 3,000 |
| | | Sale of Product | | | 1,500 |
| | | Expenses recovered | | | 53 |
| | | Outstanding balance-payable | | | - |
| | | Dividend Received | | | - |
| | | Outstanding balance-receivable | | | - |
| Gujarat Narmada Valley Fertilizers Company Limited | Other Related Party | Purchase of Materials | | | 1,000 |
| | | Fees for Services | | | - |
| | | Sale of Material | | | 10,000 |
| | | Dividend Received | | | - |
| | | Outstanding balance-Payable | | | - |
| | | Outstanding balance-Receivable | | | - |

## ANNEXURE "D" TO DIRECTORS' REPORT (Contd.)

| | | | | | |
|---|---|---|---|---|---|
| Gujarat Industries Power Company Ltd | Other Related Party | Purchase of power | Not applicable | Not applicable | 30,000 |
| | | Sale of power | | | 1,200 |
| | | Dividend Received | | | - |
| | | Outstanding balance-Receivable | | | - |
| | | Outstanding balance-Payable | | | - |
| Gujarat State Petroleum Corporation Ltd | Other Related Party | Purchase of Gas | Not applicable | Not applicable | 35,100 |
| | | Outstanding balance-payable | | | - |
| Indian Potash Ltd | Other Related Party | Purchase of Material | Not applicable | Not applicable | 70,000 |
| | | Dividend Received | | | - |
| | | Outstanding balance-payable | | | - |
| The Fertilizer Association of India | Other Related Party | Fees for Services | | | 30 |

For and on behalf of the Board

Sd/-
**Shri Arvind Agarwal**
Chairman & Managing Director

Place: Fertilizernagar
Date : 18th June, 2020

## ANNEXURE "E" TO DIRECTORS' REPORT

**Conservation of energy, technology absorption and foreign exchange earnings and outgo Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014.**

### A CONSERVATION OF ENERGY

**Measures taken at Fertilizernagar, Vadodara Unit:**

1) **Use of Variable Frequency Drive (VFD) at BFW pumps of CVL boiler.**

VFD installed as BFW flow control valve was remaining in throttled condition as two numbers of BFW pumps were kept in line at low load operation of CVL boiler. It resulted into annual power saving of 7 Lakhs unit (₹ 50.75 Lakhs).

2) **Replacement of two pumps at ETP.**

Two new energy efficient pumps installed at ETP in place of energy inefficient pumps. It resulted into annual power saving of 1.38 Lakhs unit (₹ 10.01 Lakhs).

3) **Reduction in NG fuel consumption in F-101 & F-202, A-III Plant.**

Preheating of HPNG feed to HPNG Heater furnace (F-101) carried out by recovering heat from process stream, which was being cooled by Cooling water, to reduce heat duty of the furnace. Preheating of Process air to Process Air heater Furnace (F-202) carried out by LPS (3K steam), which is in excess and being vented, to reduce consumption of NG Fuel in Process Air heater Furnace (F-202).It resulted into total annual NG saving of 4.40 Lakhs $SM^3$ (₹ 140.80 Lakhs).

4) **Installation of an additional Dehydrogenation Feed preheater for 37K steam saving, at Anone Plant, Capro-I.**

Process Feed was preheated from ~50°C to ~99°C in existing Feed preheater, resulting into 37K steam saving. Further pre-heating of stream from ~99°C to ~130°C, carried out using excess LPS (3K steam), which is in excess and being vented. It resulted into equivalent reduction of steam generation load on Steam generation boilers. It resulted in annual NG saving of 0.32 Lakhs $SM^3$ (₹ 10.24 Lakhs).

5) **Steam saving by replacing existing Ejector with energy efficient Ejector, at Urea I Plant.**

Installation of New energy efficient ejectors to enhance the energy efficiency resulted into steam saving. It reduced NG consumption at Steam generation boilers. It resulted into annual NG saving of 2.85 Lakhs $SM^3$ (₹ 91.20 Lakhs).

6) **Pre-Heating of Lactam-Benzene feed to T-423-3 for MPS saving at Lactam-I plant, Caprolactam-I.**

Lactam-Benzene (LC-BZ) stream was originally pre-heated from ~38°C upto ~65°C using hot water (HW) from other section. HW supply was stopped due to stoppage of other section. LPS (3K steam), which is in excess and being vented, utilized for pre-heating. It reduced heat load on Reboiler, consuming 14K steam. It resulted into annual NG saving of 6.33 Lakhs $SM^3$ (₹ 202.56 Lakhs).

7) **Preheating of KA oil feed to Distillation column (K150) for energy conservation in Anone-II Plant, Capro-II.**

Preheating of KA oil with process stream, which otherwise rejecting heat to CW, reduced steam consumption in Distillation column and subsequently reduced NG consumption at Steam generation boilers. It resulted into annual NG saving of 1.92 Lakhs $SM^3$ (₹ 61.44 Lakhs).

8) **Enhancement of flash steam generation at A-III plant.**

4K Flash steam generated (in place of present practice of generating 0.5K Flash steam) from blowdown stream of 37K at A-III plant. Generated 4K steam was utilized in reboiler. It reduced requirement of generating 4K steam by throttling 37K steam, within plant. Equivalent amount of 37K could be exported from A-III plant. Export of 37K steam reduced NG consumption at Steam generation boilers. It has resulted into annual NG saving of 0.45 Lakhs $SM^3$ (₹ 14.40 Lakhs).

9) **Replacement of existing ejectors installed on Concentrator at PA Plant.**

New energy efficient ejectors were installed to achieve steam saving. It reduced steam consumption and subsequently reduced NG consumption at Steam generation boilers. It resulted into annual NG saving of 1.26 Lakhs $SM^3$ (₹ 40.32 Lakhs).

10) **Replacement of Cooling Tower fan blades with high energy efficient Aerodynamic Hollow e-Glass epoxy fan blades, at Ammonia-IV, Capro-I, II SA IV, & Urea plants.**

Replacement of 9 Nos. of Cooling tower fans having hollow FRP fan blades carried out with high energy efficient Aerodynamic Hollow e- Glass epoxy fan blades. It resulted into annual power saving of 6.06 Lakhs unit (₹ 43.94 Lakhs).

11) **Power conservation in Raw water booster pump, Nylon-6-II Plant.**

Raw water pump was running very near to shutoff condition due to less consumption level. A spare pump, having low head and low capacity installed in place of high capacity high head pump. It resulted into annual power saving of 0.248 Lakhs unit (₹ 1.80 Lakhs).

12) **Power Conservation in Chilled water pump (P-481A/ B), HAS plant, Capro-II.**

Two nos. of Chilled water pumps were running to meet requirement of plant, operating at higher capacity. Impeller size changed from 245 mm (rated) to 255 mm in one of the pump. Motor rating was changed from 90 KW to 110 KW motor. It enabled stoppage of one pump and chilled water requirement of plant is met by running only one pump. It resulted into annual power saving of 3.76 Lakhs unit (₹ 27.26 Lakhs).

13) **Power Conservation in Drinking water pump (P-1707), Utility plant, Capro-II.**

Supply pressure of Drinking water pump was reduced to 5 $Kg/Cm^2g$ in place of 7 $Kg/Cm^2g$ by reducing impeller size from 238 mm to 210 mm. Drinking water requirement could be fulfilled at lower supply pressure too. It resulted into annual power saving of 0.57 Lakhs unit (₹ 4.10 Lakhs).

**14) Power Conservation in Chilled water pump (P-1340A/B), HAS plant, Capro-II.**

Load on Chilled water system increased due to operation of plant at higher load. Hence, two nos. of VAHP were kept in line. To supply Chilled water to both VAHPs, two nos. of Chilled water pumps were operated. To save on power, impeller of higher size i.e. 388 mm in place of 354 mm installed in one of the pump. Corresponding, motor rating also changed from 45 KW to 75 KW. It enabled adequate flow by operating only one pump. Power consumption by operating one pump at higher head is less than operating two nos. of pumps. It resulted into annual power saving of 0.98 Lakhs unit (₹ 7.09 Lakhs).

**15) Power Conservation in LC-AS Belt conveyor (H-781A/B), LC-AS plant, Capro-II.**

Installation of latest technology of geared motor and VFD drive in place of worm and worm wheel Gear assembly with mechanically reduced variable pulley drive resulted into annual power saving of 0.11 Lakhs unit (₹ 0.81 Lakhs).

**16) Power Conservation in HAS supply pump (P-1035A/B), HAS plant, Capro-II.**

Due to operation of plant at higher load, two nos. of HAS supply pumps were operated. To save on power, impeller of higher size i.e. 174 mm in place of 170 mm installed in one of the pump. Corresponding, motor rating also changed from 5.5 KW to 9.3 KW. It enabled adequate flow by operating only one pump. It resulted into annual power saving of 0.15 Lakhs unit (₹ 1.06 Lakhs).

**Above mentioned measures resulted into aggregate annual saving at a rate of 20.37 Lakhs units Power (₹ 147.68 Lakhs) and 17.53 Lakhs SM$^3$ NG (₹ 560.96 Lakhs).**

**Measures taken at Sikka Unit:**

1) In order to achieve energy saving, followings major steps were carried out during the F.Y. 2019-20.

**<u>By Energy Efficient Motors</u>**

1. Replacement of 01 No. 30 KW conventional motor by Energy efficient motor in PA Supply pump-C.
2. Replacement of 01 No. 37 KW conventional motor by Energy efficient motor in Instrument Air Compressor at SST.

**<u>By Energy Efficient Lighting</u>**

1. Replacement of 40 Nos. 150 Watt HPSV Lamps by 100 Watt LED Lamps in Various Plant area Lighting.
2. Replacement of 20 Nos. 250 Watt MH Lamps by 85 Watt LED in Various Plant area Lighting.
3. Replacement of 100 Nos. 125 Watt HPMV Flood Light by 27 Watt LED fittings in Various Plant area Lighting.
4. Replacement of 60 Nos. 50 Watt Ordinary TL with 20 Watt LED Tube light in Various Offices.
5. Replacement of 83 Nos. 150 Watt HPSV Lamps by 60 Watt LED Lamps in Various Plant area Lighting.
6. Replacement of 56 Nos. 35 Watt CFL Lamps with 12 Watt LED Lamps in Various Plant area Lighting.
7. Replacement of 100 Nos. 100 Watt GLS Lamps fitting By 09 Watt LED UJALA Lamp in Various Plant area Lighting.
8. Replacement of 27 Nos. 75 Watt Conventional Ceiling Fans by 50 Watt UJALA Ceiling fan in Various offices.
9. Replacement of 36 Nos. 125 Watt HPMV fitting by 45 Watt LED Fitting in Various Plant area Lighting.

Thus by adopting Energy efficient motors & lighting system annual power saving of 1.63 Lakhs units achieved. This resulted in to aggregate annual saving of ₹ 11.42 Lakhs at a unit cost of ₹7.00.

**Above mentioned measures resulted into aggregate annual saving at a rate of 1.63 Lakhs KWH Power (₹ 11.42 Lakhs @₹ 7 / KWH).**

**Measures under consideration at Fertilizernagar, Vadodara Unit:**

**1) Generation of Flash steam at CVL Boiler.**

It is under consideration to generate Flash steam of 14K (in place of present practice of generating 0.5K Flash steam) from blowdown stream of 37K at CVL Boiler and to utilize low pressure steam, which is in excess and being vented, in place of 0.5K steam. Generated 14K steam will reduce NG consumption at Steam generation boilers. Anticipated annual NG saving is 0.77 Lakhs SM$^3$ (₹ 24.58 Lakhs).

**2) Use of Variable Frequency Drive (VFD) at FD fans of CVL boiler.**

Due to operation of two numbers of FD fans with throttled suction dampers, during low load operation of CVL boiler, it is proposed to install VFDs in both FD fans for power saving. Anticipated annual power saving is 10.51 Lakhs unit (₹ 76.20 Lakhs).

**3) Replacement of existing ejectors installed at PA, AS-I, AS-II & Caprolactam-II Plants.**

It is under consideration to use New energy efficient ejectors to enhance the efficiency of operation and thereby to achieve steam saving. It will reduce steam consumption and reduce NG consumption at Steam generation boilers. Anticipated annual NG saving is 7.23 Lakhs SM$^3$ (₹ 231.42 Lakhs).

**Measures under consideration at Sikka Unit:**

1) Modification in the Distribution of Pressurized Air for Full Capacity utilization of new Energy Efficient Air Compressor and Stopping of Old Air Compressors.

2) **<u>By Energy Efficient Motors</u>**

1. Replacement of 02 No. 30 KW conventional motor by Energy efficient motor for PA Supply pump A & B of Train-C.

2. Replacement of 02 No. 37 KW conventional motor by Energy efficient motor for Instrument Air Compressor-SST & Ammonia Transfer pump-MK.

**3)** Permanent Disconnection of Electricity power supply at Jogwad Pump house due to Non-Utilization of the same.

**4)** **By Energy Efficient Lighting**

1. Replacement of 50 Nos. 150 Watt MH Lamps by 70 Watt LED Flood Lights in Various Plant area Lighting.
2. Replacement of 50 Nos. 250 Watt MH Lamps by 85 Watt LED Flood Lights in Various Plant area Lighting.
3. Replacement of 50 Nos. 125 Watt HPMV lamp by 27 Watt LED Lamps in Various Plant area Lighting.
4. Replacement of 50 Nos. 70 Watt MH lamp by 27 Watt LED Lamps in Various Plant area Lighting.
5. Replacement of 100 Nos. 50 Watt Ordinary TL fittings with 20 watt LED Tube light in Various Plant area Lighting.
6. Replacement of 60 Nos. 150 Watt HPSV Lamps with 60 Watt LED Fittings in Various Plant area Lighting.
7. Replacement of 200 Nos. 35 Watt CFL Lamps by 12 W LED Lamps in Various Plant area Lighting.

## TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION

### FORM-A

**Form for disclosure of particulars with respect to Conservation of Energy : 2019-20**

**(A) POWER AND FUEL CONSUMPTION**

| PARTICULARS | **2019-20** | 2018-19 |
|---|---|---|
| 1. Electricity | | |
| A. PURCHASE | | |
| UNIT: MWH | 285654 | 361759 |
| AMOUNT ₹ in Lakhs | 22126 | 28817 |
| Rate ₹/KWH | 7.75 | 7.97 |
| B. Own Generation | | |
| Unit: MWH | 92346 | 27401 |
| KWH Per Ltr. of Fuel/Gas | 7.00 | 7.31 |
| Cost ₹/KWH | 3.15 | 3.02 |
| 2. LSHS, FO, LDO | | |
| QUANTITY – MTs | 81 | 57 |
| Amount ₹ in Lakhs | 54 | 40 |
| Average Rate ₹/MT | 67499 | 70881 |
| 3. NATURAL GAS | | |
| Quantity in '000 SM3 | 152541 | 130555 |
| Amount ₹ in Lakhs | 40428 | 36817 |
| Average Rate 1000/SM3 | 26503 | 28200 |

### C TECHNOLOGY ABSORPTION

**EFFORTS MADE IN TECHNOLOGY ABSORPTION**

As per enclosed FORM – B

### D FOREIGN EXCHANGE USED AND EARNED : 2019-20

**Foreign Exchange Outgo :**

| | **₹ Lakhs** |
|---|---|
| (i) C.I.F. VALUE OF IMPORTS | |
| (a) Raw Materials | 12039.21 |
| (b) Stores & Spares | 962.71 |
| (c) Capital Goods and High Sea Purchases | 0.00 |
| (d) Stock In Trade | 97005.15 |
| TOTAL (i) | **110007.07** |
| (ii) EXPENDITURE IN FOREIGN CURRENCY | |
| (a) Interest | **254.40** |
| (b) Technical Asstt./Know How | **2855.37** |
| (c) Others | **530.82** |
| TOTAL (ii) | **3640.59** |
| TOTAL (i) + (ii) | **113647.65** |

**Foreign Exchange Earned :**

| FOB VALUE OF EXPORT OF | **₹ Lakhs** |
|---|---|
| Caprolactam | 224.52 |
| Hydroxyl Amine Sulphate Crystal | 52.00 |
| MEK Oxime | 2393.00 |
| Ammonium Sulphate | 241.00 |
| Ammonium Phosphate Sulphate | 994.00 |
| Melamine | 15.00 |
| Di-Ammonium Phosphate | 6049.00 |
| TOTAL | **9968.52** |

# ANNEXURE "E" TO DIRECTORS' REPORT (Contd.)

## TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION (Contd.)

**(B) CONSUMPTION PER UNIT OF PRODUCTION**

| Sr. No. | Product | Power | | Steam | | Natural Gas | |
|---|---|---|---|---|---|---|---|
| | | 2019-20 KWH | 2018-19 KWH | 2019-20 MTs | 2018-19 MTs | 2019-20 $SM^3$ | 2018-19 $SM^3$ |
| 1 | Ammonia | 432 | 377 | -1.276* | -1.309* | 872 | 879 |
| 2 | Sulphuric Acid | 37 | 36 | -0.848* | -0.871* | 0.147 | 0.075 |
| 3 | Phosphoric Acid | 362 | 282 | 2.002 | 2.019 | 1.348 | 0.911 |
| 4 | Urea | 187 | 169 | 1.464 | 1.432 | 0.000 | 0.000 |
| 5 | ASP | 54 | 43 | 0.080 | 0.064 | 9.015 | 8.789 |
| 6 | Melamine | 1802 | 1756 | 6.918 | 6.821 | 370 | 376 |
| 7 | Caprolactam (Old) | 2112 | 1971 | 6.837 | 5.690 | 93.661 | 83.421 |
| 8 | Caprolactam (Exp.) | 1458 | 1360 | 5.876 | 5.573 | 33.472 | 32.352 |
| 9 | Nylon – 6 | 812 | 767 | 2.059 | 2.046 | 0 | 0 |
| 10 | ACH | 0 | 0 | 0.000 | 0.000 | 0 | 0 |
| 11 | Monomer | 1180 | 961 | 3.310 | 3.172 | 0 | 0 |
| 12 | MAA | 438 | 480 | 3.923 | 3.429 | 0 | 0 |
| 13 | AS | 45 | 55 | 0.364 | 0.522 | 0 | 0 |
| 14 | Sheets | 0 | 0 | 0.000 | 0.000 | 0 | 0 |
| 15 | Pellets | 0 | 0 | 0.000 | 0.000 | 0 | 0 |
| 16 | DAP (SU) | 71 | 68 | 0.018 | 0.015 | 7.756 | 6.814 |
| 17 | NPK (10:26:26) (SU) | 68 | 69 | 0.017 | 0.015 | 10.633 | 11.596 |
| 18 | NPK (12:32:16) (SU) | 66 | 65 | 0.017 | 0.015 | 10.289 | 10.094 |
| 19 | NPK (20:20:0:13) (APS) (SU) | 71 | 76 | 0.020 | 0.017 | 15.469 | 17.346 |
| 20 | Nylon Chips | - | - | - | - | - | - |
| 21 | Nylon Filament Yarn | - | - | - | - | - | - |

* -ve indicate Export from Plants.

## FORM-B

### Form for disclosure of particulars with respect to Technology Absorption: 2019-20

**(1) SPECIFIC AREAS, IN WHICH R&D IS CARRIED OUT:**

Research work carried out in areas of polymers, fortified fertilizers, Environment control & waste management; value added product(s)/Derivatives of existing products, specialized Agri-inputs for improving quality and yield of agricultural output, Quality and process efficiency improvement and assurance, customization of products. Continual support and expertise provided to all plants and services departments for Corrosion & Material evaluation, Failure investigation of components & machinery, Microbial activity & corrosion monitoring of cooling water.

**(2) BENEFITS DERIVED:**

**(A)** Development of New Products/New Processes:

1. NPK Liquid Bio fertilizer: Developed a biofertilizer product in liquid form consisting of a consortium of three microorganisms each one for N, P & K. This product is drought resistant and it helps in fixing nitrogen from atmosphere and phosphate & potash from soil. It is useful in crops like Cereals, Millets, Vegetables, Fruits, Fibre and oil producing crop. 2 Lac Ltr/yr capacity plant has been commissioned and is operative from February 2020. This product is now being traded under the brand name of "Sardar Liquid Consortia (NPK)".
2. NPK Complex Fertilizers: Complex Fertilizers are the source of major nutrients like Nitrogen, Phosphorus and Potash along with micronutrients. R&D has developed various processes to manufacture different customized/new grades of NPK complex fertilizers for crops like Wheat, Paddy, Maize, Pulses, Sugarcane, Vegetables, fruits etc. The process is developed with a view of direct implementation at Sikka Unit without any need of additional capital investment.
   - NPK 12-32-16 (Boronated): Optimized process with modifications to make use of liquid source of Boron in existing setup at Sikka Unit. This product is marketed under the brand name of Sardar Boronated NPK Complex(12:32:16)
   - APS 16-20-0-13 & NPK 16-16-16: Process established and Successful trial taken at Sikka Unit.
   - NPK 14-28-00 & NPK 15-15-15: Process established at lab scale and ready for scale up.
3. Nanofertilizer of ZnO: A process developed to produce Nano Fertilizer of Zinc in Suspension form. Nano to Sub-micron size ZnO particles enhances in-take by plants through leaf stomata. Mainly used for Direct Absorption Technology with increased nutrient use efficiency.
4. Ammonium Sulphate (G5): Value addition to existing product of Ammonium Sulphate by addition of FCO approved micronutrient fertilizer (G5). This makes product rich in Iron, Manganese, Zinc, Copper and Boron micronutrients. It is mainly used for Oil seeds, Horticultural crops and Fruit crops. This product will help to reduce micronutrient deficiency in Indian soil.

5. G4 Micromix from inorganic salts: Developed a process to produce G4 Micromix as per GoG specifications by using inorganic salts. Product is a rich source of micronutrients at reduced cost. This product is mainly used for Foliar Applications in field crops, fruits & vegetables.
6. HexaMethoxy Methyl Melamine (HMMM): A process developed to produce HMMM, a derivative of Melamine using Melamine as starting raw material. Blend of HMMM with Silica in various proportions has huge demand in Tyre and conveyer belt industry due to excellent wear resistance properties. Process is already established at Pilot scale and product is under field trial.
7. Melamine Cyanurate: It is a derivative of Melamine having high thermal stability. It is often used by compounding with glass filled Nylon in various proportions for polymers with higher processing temperatures and in manufacturing of flame retardant nylons & thermoplastics. Process is scaled up at pilot plant and product is under field trial.
8. Cast Nylon: Cast nylon is high molecular weight, highly crystalline polymer having better machinability than extruded nylon. It is light weight and shock absorbent. It can replace steel structure in certain applications. Successful commercial trials have also been conducted. Process is ready for demonstration to end users.
9. Pharma Grade Ammonium Sulphate: A process developed to produce Pharma Grade Ammonium Sulphate by using Ammonium Sulphate produced at AS-III plant. In addition to pharma industries, this product has wide applications in bakery, detergents, toothpaste, shampoo, dental cleansers and other household cleaning products. The process is ready for scale up.
10. Potassium Di Hydrogen Phosphate & Di Potassium Hydrogen Phosphate: Developed process to produce Potassium Di Hydrogen Phosphate & Di Potassium Hydrogen Phosphate. These products have wide use in Pharma & food industries. Products developed at lab scale are under evaluation stage.
11. Hydroxylamine hydrochloride (HAC): It has wide applications and used for the preparation of Oximes, anti-skinning agents, corrosion inhibitors and additives for cleaners. Product developed at lab scale, process optimization is under progress.
12. Acetone Oxime: It is a white crystalline solid used as a reagent in Organic synthesis. It has very good corrosion inhibitor properties, with lower toxicity and greater stability compared to Hydrazine. It has got wide use in Pharmaceutical Industries & Chemical Industries. Product developed at lab scale, process optimization is under progress.

**(B)** Customization & Market support Services, Plant Support Activities:

1. In-situ metallography at 296 locations on critical equipments of various plants was done for condition monitoring. This has enabled in assessment of possible damage as well as monitoring degradation of material operating at high temperatures/stress conditions.
2. Failure Analysis of 15 components from various plants was carried out which has helped in selection of better MOC and optimization of process parameters to avoid future failures and reducing down time of plants.
3. Corrosion and microbial monitoring of cooling tower water at various plants resulted in efficient running of plants.
4. Ferrography of lube oil samples for assessment of condition of rotating machinery, oil contamination and oil-replacement frequency.
5. Metallurgical input provided to all operating plants and departments for material related problems like heat treatment, welding, import substitution, MoC selection, material compatibility study etc.
6. COVID19: R&D also joined hands with GSFC team to fight against Corona Pandemic and provided immense support by ensuring uninterrupted supply of Hand Sanitizers and Disinfectant solution. To start with, 2250 Ltrs Hand Sanitizer was manufactured in-house as per WHO guidelines and distributed to all departments. Hydrogen Peroxide solution for Disinfectant tunnels and Hypochlorite solution for Spray is also being distributed on continuous basis.

**(3) FUTURE PLAN OF ACTION:**

1. Zinc solubilizing bacteria: Zinc solubilizing biofertilizer (ZSB) converts unavailable form of zinc present in soil to bio- available form. It increases shoot growth, larger leaf size drought resistance of plant, improves soil aeration and water retention.
2. Silica solubilizing bacteria: Silica solubilizing biofertilizer contains bacteria which converts insoluble silica to silicic acid, the bio-available form of silica. It makes plant stronger and most beneficial for paddy crop with increased yield.
3. To develop a process for manufacture of *SMMA (Styrene-Methyl MethAcrylate) copolymer* – an alternative to polycarbonates.
4. To develop a process for manufacture of Hydroxylamine-O-Sulfonic acid. This product is mainly used in pharmacy industries.
5. To develop a process for manufacture of Ammonium dihydrogen phosphate and Di ammonium Hydrogen Phosphate used in pharma & food industries.
6. To develop a process for manufacture of Food grade Phosphoric Acid and Pharma grade Urea.

**(4) EXPENDITURE ON RESEARCH & DEVELOPMENT:**

| | | ₹ in Lakhs |
|---|---|---|
| (a) | Capital | 28.66 |
| (b) | Recurring | 1014.82 |
| (c) | Total | 1043.47 |
| (d) | Total R & D Expenditure as a percentage of Gross Sales | 0.14% |

**Technology Absorption, Adoption and Innovation**:

In-house Technology:

- NPK Biofertilizer launched in the market and started production with a capacity of 1.5 Lac Ltrs/yr. Expansion of capacity is under planning stage.
- Trial production of APS 16:20:0:13 taken at Sikka Unit for initial market feedback.
- Boronated NPK launched in the market and started production at Sikka Unit, it has contributed 70.42 Lakhs to turnover.
- Gypsum Plus launched last year has contributed 425.65 Lakhs to turnover.
- SWP 90: Water dispersible 90% Sulfur works as fungicide and fertilizer. 22 MTPD plant is under final stage of commissioning and expected to start production this year.

**B CONSERVATION OF RAW MATERIAL AND CHEMICALS**

**Measures taken at Fertilizernagar, Vadodara Unit**

**1) Installation of BacComber system at SA-III Cooling Tower.** Cooling water treatment at Cooling Tower was changed from chemical dosing to non-chemical treatment, called BacComber system. It resulted into less RW makeup requirement by 0.5 lac M3/year (₹16.4 Lakhs).

2) **Requirement of fixed opening valve trays for Hydrolysis Column (K-135) at Caprolactam-II plant of GSFC.**
Tray type of Hydrolysis Column (K-135) was replaced from variable opening trays to fixed opening valve tray. This had reduced anone slip from tower. Total annual Anone loss prevention is 60 MT (₹ 60 Lakhs).

3) **Provision of Chilled Water Jacket in Vent Line of B-150 for Recovering CX Vapors in Anone CEP.**
Chilled water condenser was installed on vent line for condensation of CX vapors for recovering. It resulted into CX recovery by 14.3 MT/year (₹ 8.6 Lakhs).

4) **Recovery of Benzene and Cyclohexane vapour in Anone CEP.**
Reflux drum vapour line was directly connected to Absorption column. To reduce vapour loading, Reflux drum vapour, containing benzene vapour, was passed through Chiller prior to feeding to Absorption column. It enabled recovery of Benzene vapour. Similarly, to reduce loss of cyclohexane vapour, Chilled water flow to chiller increased by modifying Chilled water supply / return line size from 2"ø to 4"ø. It resulted into better cooling and thus more recovery. Combined saving of Bz + CX by 1.3 MT/year (₹ 1.06 Lakhs).

## ANNEXURE "F" TO DIRECTORS' REPORT

# BUSINESS RESPONSIBILITY REPORT (BRR)

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN) of the Company** : L99999GJ1962PLC001121
2. **Name of the Company** : Gujarat State Fertilizers & Chemicals Limited
3. **Registered Address** : P. O. Fertilizernagar, Dist: Vadodara, Gujarat, India
4. **Website** : www.gsfclimited.com
5. **E-mail ID** : vishvesh@gsfcltd.com
6. **Financial Year Reported** : 2019-20
7. **Sector(s) that the Company is engaged in (industrial activity code-wise):**

   Fertilizers & Industrial Production

| Industrial Group | Description |
|---|---|
| 201 | Manufacture of basic chemicals, fertilizer and nitrogen compounds, plastics and synthetic rubber in primary forms |
| 202 | Manufacture of other chemical products |
| 203 | Manufacture of man-made fibres |

*As per National Industrial Classification – The Ministry of Statistics and Programme Implementation*

8. **List three key products that the Company manufactures (as in balance sheet):**
   - i. Caprolactam
   - ii. DAP
   - iii. Urea
9. **Total number of locations where business activities are undertaken by the Company:**
   - **i)** Company does not have any International Location where business activity is undertaken by Company.
   - **ii)** There are four National locations where Company's Units are located. The details are as follows:

     Baroda Unit — Fertilizernagar – 391 750, Dist. Vadodara.

     Polymers Unit — Nandesari GIDC, Dist. Vadodara.

     Fibre Unit — Kuwarda, Dist. Surat.

     Sikka Unit — Moti Khawdi, Dist. Jamnagar
10. **Markets served by the Company – local/ state/ national/ international:**

    In addition to serving Indian markets at Local, State and National level, GSFC exported its products to countries worldwide during the year ended on 31st March, 2020.

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. **Paid-up capital (INR):** 79.70 Crores
2. **Total turnover (INR):** 7621 Crores
3. **Total profit after taxes (INR):** 99 Crores
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):** 2% of PAT
5. **List of activities in which the Corporate Social Responsibility (CSR) expenditures have been incurred:**

   The major areas in which the CSR expenditure has been incurred include

   1. Rural transformation
   2. Environment
   3. Health
   4. Education

### SECTION C: OTHER DETAILS

1. Does the Company have any subsidiary company/ companies?

   Yes, Company has two direct subsidiary and one indirect subsidiary as on 31st March, 2020.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

   Your Company would like to encourage its subsidiaries to adopt its policies and practices.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company?

   No. Your Company would like to deal with the parties/ entities who have willingness to be the part of BRR initiatives.

**SECTION D: BUSINESS RESPONSIBILITY INFORMATION**

**1. Details of Director/ Directors responsible for BR**

a. Details of the Director/ Directors responsible for implementation of the BR policy/ policies:

   DIN Number : 00122921

   Name : Arvind Agarwal

   Designation : Chairman and Managing Director

b. Details of the BR head;

| Sl. No. | Particulars | Details |
|---|---|---|
| 1 | DIN Number (if applicable) | NA |
| 2 | Name | V. V. Vachhrajani |
| 3 | Designation | Company Secretary & SVP (Legal) |
| 4 | Telephone Number | +91 265 3093582 |
| 5 | E-mail ID | vishvesh@gsfcltd.com |

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

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine principles of Business Responsibility.

Following are the brief summary of Principles as per NVGs;

**P1** Business should conduct and govern themselves with Ethics, Transparency and Accountability

**P2** Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

**P3** Businesses should promote the well-being of all employees

**P4** Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

**P5** Businesses should respect and promote human rights

**P6** Business should respect, protect, and make efforts to restore the environment

**P7** Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

**P8** Businesses should support inclusive growth and equitable development

**P9** Businesses should engage with and provide value to their customers and consumers in a responsible manner

| Sr. No. | Question(s) | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Do you have a policy/policies for | Y This forms part of the Code of Conduct of your Company which is applicable to all employees. | Y This policy is part of your Company's Environment, Health and Safety (EHS) Policy. | Y Certain policies form part of the Code of Conduct for employees. There are various policies for the benefit of the employees which are issued by the Human Resources function of the Company from time to time. The policies includes Maternity Leave Policy, Employee Safety Policy, Group Mediclaim Policy, etc. | Y certain aspects of this principle forms part of the CSR Policy. | Y This is the part of the Code of Conduct of your Company which is applicable to all Employees. | Y This forms part of your Company's EHS policy. | Y certain aspects of this principle forms part of the Marketing Policy. | Y Your Company has a CSR Policy. | Y* certain aspects of this principle forms part of the Marketing Policy. |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 2 | Has the Policy being formulated in consultation with the relevant stakeholders? Refer Note1 | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3 | Does the policy conform to any national / international standards? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | | The spirit and contents of the Code of Conduct and all the applicable laws and standards are captured in the policies articulated by your Company. The policies are based on and are in compliance with the applicable regulatory requirements and International Standards. | | | | | | | | |
| 4 | Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/CEO/ appropriate Board Director? | Y (It is signed by the Managing Director) | Y (It is signed by the Managing Director) | Y (It is signed by the Managing Director) | Y (It is signed by the Managing Director) | Y (It is signed by the Managing Director) | Y (It is signed by the Managing Director) | Y | Y (It is signed by the Managing Director) | Y |
| | | As per Good Corporate Governance practice, all the policies are noted by the Board. The Board authorizes Senior Officials of the Company to authenticate such policies and make necessary changes whenever required. | | | | | | | | |
| 5 | Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | | The implementation and adherence to the Code of Conduct for Employees is overseen by the Human Resource and Internal Audit Function respectively.<br>The Corporate Social Responsibility Policy is administered by the CSR Committee in line with the requirements of the Companies Act, 2013. The EHS Policy is overseen by the Supply Chain, Manufacturing and the Research & Technology Function. | | | | | | | | |
| 6 | Indicate the link for the policy to be viewed online? | Please refer corporate governance report for link. | | | | | | | | |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 8 | Does the Company have in-house structure to implement the policy/policies | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 10 | Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency? Refer Note 2: | Y | Y | Y | Y | Y | Y | Y | Y | Y |

**Note 1:** While there may not be formal consultation with all stakeholders, the relevant policies have evolved over a period of time by taking inputs from concerned Stakeholders.

**Note 2:** The Company has not carried out independent audit of the policies, the Internal Audit Functions periodically looks at the implementation of the policies.

**Note 3:** In respect of Principle 7 & 9, the Company follows the contents enshrined therein. However, the Policy in this regard is presently not documented.

2a. **If answer to Sr. No. 1 against any principle is 'No', please explain why: (Tick upto 2 options)**

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

3. **Governance related to BR**

- The Board of Directors of your Company, either directly or through its Committees, assesses various initiatives forming part of the BR performance of the Company annually. The CSR Committee meets periodically to review implementation of the projects/programmes/activities to be undertaken in the field of CSR. Other supporting heads of Department meet on a periodic basis to assess the BR performance.
- Your Company publishes the information on BR which forms part of the Annual Report of the Company. The Annual Report is uploaded on the website of the Company – www.gsfclimited.com

## SECTION E: PRINCIPLE-WISE PERFORMANCE

**Principle 1**

**Business should conduct and govern themselves with Ethics, Transparency and Accountability**

- The GSFC Code of Conduct for Employees ("the Code") contains the essence of various regulatory requirements and internal policies which primarily deal with or are framed around the principles of ethical behaviour and a sense of accountability. The Company expects its employees including the employees of its subsidiaries to know the Code and act accordingly. Therefore, its employees are acquainted with the Code at the time of their joining and are required to read and affirm to the Code on annual basis.
- Ethics, transparency and accountability are the three basic/essential pillars on which the compliance eco-system of your Company is built. The web based compliance management system not only helps adhere to the regulatory requirements but also develops a culture of self-regulation and accountability at the grass root level within the organization. In the present times when governance is looked upon as a critical aspect of sustainability, we believe, our compliance management systems play a significant role in ensuring good corporate governance.
- A policy on vigil mechanism has been framed and is placed on website of the Company to enable the employees to report any instances of fraud, abuse, misconduct or malpractices at workplace.

  In order to further strengthen its internal controls for prevention of insider trading, the Company has developed its Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information in such a manner that it not only satisfies the regulatory requirements but also instils a sense of responsibility among the designated persons for making timely and adequate disclosures. In order to facilitate implementation of the Code and its compliance, your Company has automated the entire process by leveraging technology and putting in place the GSFC Insider Trading Management System. The system acts as a repository of relevant information and provides an electronic platform for seeking trading approvals and send out timely compliance reminders.

  The Company has in place different mechanisms for receiving and dealing with complaints from different Stakeholders viz. Shareholders, Customers, Employees, Vendors etc. There are dedicated resources to respond to the complaints within a time bound manner. During the year, your Company received 40 (forty) complaints from shareholders, which have been fully resolved.

**Principle 2**

**Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

- The original objective for setting up your company was to contribute towards the food security to the nation. Subsequently, beyond fertilizers, your company diversified into the arena of Chemicals which has been touching all walks of human life, directly or indirectly. All the products conform to their quality standards and the plants of GSFC are proactively maintained so as to meet with environmental standards.

- Your Company is committed to offer the products that meet nationally accepted green product standards. This commitment comes from the team of dedicated professionals working at Company's state-of-the-art Research & Development Centre at Vadodara where technology and innovation are the corner stones.
- Your Company strives to launch various schemes for improvement in the architecture of its plants with a clear focus on improvising the overall performance in terms of production quality, rationalization in the consumption of basic raw materials, utilities like water, power etc. The introduction of such schemes has been quite a regular exercise in the Company and this is the only reason that despite the plants of GSFC are more than four decades old, still they are performing above its rated capacity and without the risks associated to the obsolescence.
- Your Company has initiated proactive steps, as far as possible, to control, reduce and eliminate use of avoidable hazardous materials. Appropriate safeguard mechanism has been in place with a view to control or prevent entry of pollutants. Also there is a proper system in place in categorizing the hazardous inputs in the active raw material list and continuous efforts are always there in the direction towards achieving reduction in pollution levels. In cases where alternates are not available easily for replacement, a detailed analysis for rational mitigation of exposure risk is being undertaken and same is followed at plant level.
- Your Company intends to educate its customers and employees about the safe use of its products. Product Information Sheets for all the major products are available. Company has laid down vendor evaluation and registration procedures for procurement of goods and availing services. The procedure entitles company to have sustainable sourcing and large amount of inputs are sourced sustainably as most of the raw materials are sourced directly from large scale manufacturers in India and outside India. This ensures quality supplies on consistent basis at the most competitive prices.
- On-line Registration of Suppliers & Service providers are undertaken to have more transparency in procurement. Many new vendors and service providers are registered during the year to enhance competition.
- Company promotes and encourages local and small vendors including MSMEs from the nearby/ surrounding area to procure goods and services. The nearby communities are given adequate opportunities for associating with company on competitive terms and conditions. Feasible preference is also given to MSMEs and small scale industries as per guidelines prevailing from time to time. Local and small scale vendors are educated and encouraged to participate in online tender process as well as reverse auction process. Technical support is also extended to these communities when sought for.
- The Company has well developed process for recycle of products, wastes etc. emanating from the production cycle. Any discharge of waste water, finally outside the factory premises is scientifically processed so as to become eligible for discharge in the effluent channel for further disposal thereof. To ensure this objective, the Company has become the promoter of one of the Common Conveying Channel Company viz. Vadodara Enviro Channel Ltd. The objective of this Company is to maintain the effluent channel, which is connected to the Gulf of Cambay through which its participating members discharge their treated effluents as per pollution control norms. Needless to mention here that before final discharge of effluents into the said channel, they are appropriately treated. The hazardous waste generated by the Company is also scientifically handled and the Company has proper system in place for safe disposal of these hazardous wastes like organic waste from Caprolactam Plants which are sent for incineration at registered TSDF site, spent catalysts are given to registered recyclers, spent oil is given to registered refiners etc.

1. **Pre-Heating of Lactam-Benzene feed to T-423-3 for MPS saving at Lactam-I plant, Caprolactam-I:**

   Lactam-Benzene (LC-BZ) feed to Tower (T-423-3) of Capro-I plant was originally pre-heated from ~38°C upto ~65°C using hot water (HW) received from other section of Capro-I Plant. HW supply was stopped due to stoppage of other section. Use of LPS (3K steam), which is in excess and being vented was utilized for pre-heating. This resulted into a reduction of steam generation load on Steam generation boiler thereby reducing the quantity of fuel - Natural Gas (NG) used for combustion in the boilers. The resultant annual NG saving is 6.33 Lakhs SM3 equivalent to ₹ 202.7 Lakhs. As quantity of NG used for combustion is reduced, corresponding flue gas emissions containing green house gases gets reduced. The modification was implemented with a payback period of 0.5 months.

2. **Reduction in NG fuel consumption in F-101 & F-202, A-III Plant:**

   It was proposed to preheat HPNG feed to HPNG Heater furnace (F-101) to reduce the heat duty of the furnace by recovering heat from process stream which was being cooled by Cooling water. And also use of LPS (3K steam), which is in excess and being vented, to preheat Process air in Process Air heater Furnace (F-202). This resulted into reduction of steam generation load on Steam generation boiler thereby reducing overall quantity of fuel - Natural Gas (NG) used for combustion in the boilers. The resultant annual NG saving is 4.40 Lakhs SM3 equivalent to ₹ 140.8 Lakhs. As quantity of NG used for combustion is reduced, corresponding flue gas emissions containing green house gases gets reduced. The modification was implemented with a payback period of 2.7 months.

3. **Steam saving by replacing existing Ejector with energy efficient Ejector, at Urea I Plant:**

   12K steam is utilized in Ejectors for maintaining Vacuum in Crystallizer of Urea-I Plant. New energy efficient ejectors was installed to enhance the efficiency of operation and thereby to achieve steam saving. This resulted into a reduction of steam consumption and further load on Steam generation boiler thereby reducing the quantity of fuel - Natural Gas (NG) used for combustion in the boilers. The resultant annual NG saving is 2.85 Lakhs SM3 equivalent to ₹ 91.24 Lakhs. As quantity of NG used for combustion is reduced, corresponding flue gas emissions containing green house gases gets reduced. The modification was implemented with a payback period of 0.2 months.

4. **Use of Variable Frequency Drive (VFD) at BFW pumps of CVL boiler:**

   Due to operation of two numbers of BFW pumps of CVL boiler at low load, it was proposed to install VFD for power saving. It resulted in annual power saving of 7 Lakhs unit (₹ 50.8 Lakhs). The modification was implemented with a payback period of 20.9 months. The reduction in power consumption reduces equivalent power generation at source plants.

**Principle 3**

**Businesses should promote the well-being of all employees**

- During the time length under discussion, Process Safety Management and Safety Management system was strengthened and HAZOP studies have been carried out as well. Contractors Safety and visitors safety modules have been added. Concentrated efforts have been applied on trainings related to personal protective appliances for all stake holders trainings have been imparted on basic fire prevention as well as usage of fire extinguishers. Safety and Fire trainings have attracted more than 5000 employees, Contractors and visitors. The figure in percentage terms may be expressed as follows:
- ➢ 45.60 % permanent employees have been imparted Safety related training during the period 19-20.
- ➢ 12.59 % Women employees have been covered under various safety related trainings during the same period and 55.55% persons with special ability participated in safety and allied program during the period under discussion viz 19-20.
- ➢ 75.99 % Contract employees (1408) have been imparted safety related trainings during the time length of FY 19-20.
- Basic Fire safety awareness sessions have been conducted in school for students in nearby pockets, students who received such trainings exceed 300.
- Project work is currently going on for S90WDG etc. which again has its own set of safety challenges. Adequate measures have been taken to ensure safety during Construction, Mechanical and Electromechanical work by putting additional layers of safety and employing safety mechanisms utilized for project related works.
- Measures have been initiated to impart mechanical turnaround to fire fighting vehicles and as such Fire tenders are responding much quickly to emergency calls ; mechanically elevated working platform popularly called as snorkel is ready to offer service on the spur of the moment; it can scale an elevation of nearly 33 Meters. Inculcation of discipline by way of Fire Drills and training the fitness part of emergency responders has been especially ensured.
- These are the internal unions of its staff cadre employees which are recognized by the Management. These unions do not have any affiliation political and otherwise and follow the process of collective bargaining for resolving staff related matters.
- All the staff cadre permanent employees are the members of this recognized employees association. The employees also have an autonomy to opt out of the membership any of these unions, if they so desire.

1. Total number of employees: 3188 (155 – Polymers, 3033- Baroda,)
2. Total number of employees hired on temporary/contractual/casual basis: 192+1216- (Baroda – 1408)
3. Number of permanent women employees: 135 (Polymer-1 Baroda – 134 )
4. Number of permanent employees with disabilities:36 (Polymer-2 Baroda – 34,)

- There are the internal unions of its staff cadre employees which are recognized by the Management. These unions do not have any affiliation political and otherwise and follow the process of collective bargaining for resolving staff related matters.
- All the staff cadre permanent employees are the members of this recognized employees association. The employees also have an autonomy to opt out of the membership any of these unions, if they so desire.

The company has its union of staff employees under the name and style :

I Baroda Unit : "GSF Employees' Union".
"GSFC Employees Union"

II. Polymers Unit : GSFC Limited – Polymers Unit Employees Union

III. Fibre Unit : Gujarat Nylons Employees Union

IV. Sikka Unit : Gujarat State Fertilizers & Chemicals (Sikka Unit) Employees' Union

Percentage of your permanent employees is members of recognized employee association:

All the staff cadre permanent employees are the members of these recognized employees association. The employees also have an autonomy to opt out of the membership any of these unions, if they so desire.

1. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year for all units.

| Sr. No. | Category | No of complaints filed during the financial year | No of complaints pending as on end of the financial year |
|---|---|---|---|
| 1. | Child labour / forced labour / involuntary labour | NIL | NIL |
| 2. | Sexual harassment | NIL | NIL |
| 3. | Discriminatory employment | NIL | NIL |

1. Percentage of safety & skill up-gradation training during the year 19-20

| Units | Permanent Employees | Permanent Women Employees | Casual/ Temporary/ Contractual Employees | Employees with Disabilities |
|---|---|---|---|---|
| Polymers | 18% | 100% | 55% | 100% |
| Baroda | Safety Trg.: 50.22% | 12.31% | 75.99 % | Nil |

**Principle – 4**

**Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized**

Identifying the Stakeholders and engaging with them through multiple channels in order to hear what they have to say about our products and services are essential parts of our sustainability plan. The health and wellbeing of the communities has always been an important facet of our Company's operations. Our Company extends its social responsibility beyond the statute book and by engaging in strategic and trust based community development interventions.

While our CSR approach focuses on the development of communities around the vicinity of our plants and beyond, we have also developed innovative programmes that leverage our capabilities as a fertilizer and chemical company to ensure equitable distribution of its fertilizers as per Govt. supply plan, thus adding value to the food security of the Nation. While on chemical business plan, the Company strives to touch all walks of life to make a comfortable living.

We are running three schools at our Vadodara, Sikka and Fibre unit in which students from nearby communities are enrolled. With a view for wholesome development of children through inclusive sports coaching, Company has tied up with TENVIC Sports Pvt. Ltd., a reputed agency for improving the sports talent amongst the schools run by GSFC at its Vadodara and Fibre Unit and Akshar Trust, a school for deaf and mute children. Karate training is conducted with emphasis on girl students to empower them.

GSFC does give special attention to disadvantaged stakeholders as evident from Special Children Centre established at Chhani. We provide safe drinking water to nearby villages. We ensure support to NGOs that are doing excellent for upliftment of the communities but lack resources like United Way of Baroda, Art and Culture Foundation, SVADES, Sunday school run by Friend's Society for marginalised and special children, Citizens Blood Donation Society for Mobile Medical van etc.

CSR initiatives are undertaken in coordination with government where we are not able to reach the communities in need. The details of initiatives taken by our Company in the area of community and society development have been provided in the Corporate Social Responsibility which is part of the Annual Report.

In nutshell it fulfils the vision of company's CSR Policy, which is to commit and to integrate its business values, ethics and professional skills to meet the expectations of all our stakeholders by developing, encouraging and supporting various social and economic initiatives, without any duplication of government policies, through our industrial expertise for Sustainable Development.

**Principle – 5 Business should respect and promote human rights**

- The concept of equality of human beings irrespective of the cast, creed, religion, gender etc. has been the basic principle on which the business of GSFC is based on. Human rights are very well weaved with Code of Conduct for Employees, Human Resource Policies and the settlements reached with the Trade Unions at our plants. Some of the points like prohibition of child labour and forced labour and workers' right to information are of special importance.
- The term 'Human Rights' covers a host of aspects including freedom of association, collective bargaining, non-discrimination, gender equality, avoidance of child and forced labour among others. Your Company is compliant to national regulations pertaining to human rights. The Code of Conduct of your Company also applies to the employees of its subsidiary company.

There are Grievance Redressal Mechanisms in place at all the plants with proportion of workers and management as per the statutory norms. These initiatives provide a sound platform for continued dialog and thus help maintain cordial relation with the workers. During the last financial year, there were no serious complaints received from the stakeholders, which is pending resolution.

**Principle – 6**

**Business should respect, protect, and make efforts to restore the environment**

The policy related to environment covers all agencies connected to business with GSFC and extends to the Joint Ventures/ Suppliers/Contractors etc. GSFC practices Integrated Management System Policy (Covering Responsible care, Quality, Environment, Occupational Health, Safety & Energy) to ensure safe working environment for the employees & affiliated people.

GSFC is deeply committed to satisfy its social obligations and has made consistent and effective endeavours for creating better environmental conditions through abatement of pollution and adopting sustainable development practices. With the objective of combating climate change, GSFC aligns its business objectives with practices of resource conservation and environment protection. Regular technological initiatives are pressed into service with great vigour to improve and retain the purity of air, water and soil. GSFC has always remained in forefront to make the company green & clean by Landscaping, development of large & beautiful gardens within the complex & in colony and massive Green belt in 118 Ha areas (@ 36% of the total land area).

Our Company has consistently managed and improved the environmental performance. We are sensitive to our role both as user of natural resources and as a responsible producer of Fertilizers & chemicals based products for society. Over the last two decades, our efforts to manage water, energy and material resources have yielded positive results. The manufacturing facilities have established ISO 14001 based Environment Management System. Potential Environment aspects have been identified as a part of EMS. Any deviations from laid down policies and procedures are tracked and reviewed by effective procedures of Corrective Action and Preventive Action (CAPA). GSFC has installed Online round the clock monitoring facility for treated effluent discharge, ambient air and stack air emissions for efficient and immediate control of pollution. SO2 and Ammonia gas detectors are also installed in various process plants for monitoring of gaseous emissions at source and subsequently better control and implementation of proactive corrections.

GSFC's clean development mechanism (CDM) initiatives bear testimony to the drive to reduce greenhouse emissions. The first CDM project envisages use of waste gas from company's plants to manufacture Ammonia, thereby obviating the need for natural gas as fuel for its production. It is a matter of pride that the technology for replacing the fossil fuel has been developed through in-house R&D efforts. Meanwhile, the second CDM initiative is generating 152.8 MW green energy through a cluster of windmills. 32 to 35 % of GSFC's all units power requirement is fulfilled from wind power.

Continual adoption of new Technologies and up gradation in the existing process plants is done for energy efficiency, resource conservation and reduction of pollution potential. Use of renewable energy like wind and solar energy is encouraged at all levels of energy production phases. 10 MW Solar power plant is successfully commissioned at Charanka, Dist. Patan Gujarat. It is operated at about 21% Capacity Utilization Factor (CUF).

Our Company considers compliance to statutory EHS requirements as the minimum performance standard and is committed to go beyond and adopt stricter standards wherever appropriate.

The emissions/waste generated by our Company is well within the permissible limits given by Gujarat Pollution Control Board for the financial year being reported. No Show cause notice is received from GPCB or CPCB.

In FY 2019-20, various energy conservation schemes have been implemented like Use of Variable Frequency Drive (VFD) at BFW pumps of CVL boiler and Replacement of two pumps in ETP. In addition to this, various measures are also undertaken for saving Natural Gas (NG) like Installation of additional Dehydrogenation Feed preheater at Capro-I, Replacement of existing ejectors at PA plant, Enhancement of flash steam generation at A-III plant etc.

Implementation of above resulted into annual reduction in consumption of NG by 1930266 $Sm^3$/year and power by 95.72 kWh/year. Equivalent monetary saving achieved is @ ₹ 6.2 Crores/year. As most of the schemes were implemented with minimum or no cost of modification, it resulted into instantaneous payback period with lucrative savings.

**Principle – 7**

**Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner**

Your Company has maintained a fair degree of transparency through timely and adequate disclosure of information to the public and regulatory bodies. Your Company articulates the larger interest of industry and the community at industrial forums. As on 31st March, 2020 your Company is a member of following prominent trade associations viz. Confederation of Indian Industries (CII), Federation of Indian Chambers of Commerce and Industry (FICCI), Federation of Gujarat Industries (FGI), The Fertilizer Association of India (FAI). All India Plastic Manuf. Association, Baroda Productivity Council, British Safety Council, UK P 470, Employees Federation of India, EXIM Club, Indian Chemical Council, Indian Council of Arbitration, National Safety Council

**Principle – 8**

**Businesses should support inclusive growth and equitable development**

Company has specified programme as a CSR Activities which has been the part of core business philosophy at GSFC ever since its inception. Today, company has developed CSR as a very special concept to promote the overall development, progress and betterment of people belonging to the weaker sections of society with a view to improve 'Human Development Index' (HDI) with core areas like education, environment, health and sanitation, improvement in nutrition level, support to NGOs, rural development (social & infrastructural), industry-academic interface, support during natural calamities and various other in-house projects.

The CSR projects at GSFC are undertaken through the ideal blend of in-house as well as support of specialized implementing agencies/NGOs. Company has carried out the impact assessment of its CSR initiative. The contribution towards CSR for the F.Y. 2019-20 was to the tune of ₹ 09.96 Crores.

We believe in hand holding with a view to develop the beneficiary in such a way that there is self sufficiency over a period and the project is handed over. One such example is Contribution to Mid-Day-Meal Scheme through The Akshaya Patra Foundation, where GSFC has supported for capital expenditure plus running expenditure for five years and then project has started showing its fruitful results on its own.

GSFC University is insightful CSR initiative from GSFC with a vision to boost quality education needs and eco-friendly technology for urban sustainability. Cutting- edge skill dissemination with a drive to facilitate state-of the art infrastructure and technology for academic pursuits and to fulfil industry requirements to supplement and nourish region's landscape of learning and research is the idea behind establishing this academic institute with industrial support. It is an innovative step towards preparing youth interested in joining the mainstream of development, by moulding their minds, expanding their comfort zones and boosting confidence to deliver quality results all backed by digital knowledge with online course material.

**Principle – 9**

**Businesses should engage with and provide value to their customers and consumers in a responsible manner**

- Your Company places its customers at the center of all its business conducts rather than at the receiving end.
- Your Company believes in implementing the customer feedback into product development and enhancing user experience. In order to facilitate our customers and to communicate their views, feedback, suggestions, complaints etc. your Company has dedicated Product Manager, who is the contact point for the respective products from the stand point of customer feedback and the responsibility is cast upon the Product Manager to resolve the complaint/query of its customers in a time bound manner. Many times, the Product Manager is required to visit the premises of the customers to have the complete grasp of the consumer grievance/complaint for its effective resolution.
- On your company's website, an interactive platform has been created which allows any potential customer to raise queries pertaining to our products and services. All our channels ensure that a potential customer with access to phone/internet is able to engage, receive or share the desired information about our products and services.
- While there are no consumer related legal cases which are pending as at the end of the financial year, there are no customer complaints pending for redressal.
- The products of your Company display all information which is mandated by law including the directions for use. Product information is available in the Product Information Sheet that is available with the dealers of the Company and on the website of the Company.

There are no cases filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years.

The Marketing team of your Company both of Fertilizers as well as Chemicals are in continuous interaction with the end users of its products and any suggestions from the customers are appropriately conveyed at the production level and wherever feasible is being done.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

**Macro-economic review: 2019-20**

Year 2019-20 was a difficult year for world economy with weak business environment prevailed for global demand, manufacturing and trade. Global GDP growth at 2.9 per cent has remained slowest after global financial crises of 2009 and also dipped from 3.6 per cent in 2018-19 and 3.8 per cent in 2017-18. World economic growth has been largely impacted on account of protectionist tendencies of China & USA and rising geo-political tensions between USA and Iran experienced during the year.

Under the influence of weakening global economic parameters, Indian economy also registered a slowdown in 2019-20 with GDP growth falling from 6.8 per cent in 2018-19 to 5 per cent in 2019-20. A weak rural demand and the stress on the financial sector are being cited as key contributing factors for the sluggish growth. At the same time, reduction in the current account deficit (CAD), robust growth in Foreign Direct Investment (FDI) and acceleration of foreign exchange reserves indicates a positivity of the economy on the external front. With easing of crude prices, value of imports has contracted much sharply than exports, which have helped in narrowing CAD. Having duly recognizing the financial stresses built up in the economy, the government has taken significant steps in 2019-20 towards speeding up the insolvency resolution process under Insolvency and Bankruptcy Code (IBC) and easing of credit, particularly for the stressed real-estate and non-banking financial companies (NBFCs). The measures taken by government are well supported by an accommodative monetary policy, adjusting repo-rate to ease the credit flow in the economy.

The measures announced/implemented in 2019-20 include hike in minimum support price of agricultural crops; reduction in corporate tax rate; policy framework for development of textiles, handicrafts and electric vehicles; special programs for micro, small and medium enterprises, incentives for start-ups in India etc. Apart from this, various steps were taken to boost manufacturing, employment generation; financial inclusion; digital payments; improving ease of doing business via schemes such as Make in India, Skill India and Direct Benefit Transfer etc.

The growth in agriculture, industry and service sector in terms of GVA (gross value added) is estimated to be 2.8 per cent, 2.5 per cent and 6.9 per cent respectively in 2019-20, which is lower by 0.1 per cent, 4.4 per cent and 0.7 per cent over 2018-19. Contribution of agriculture, Industry & Service sector in the overall economic growth in terms of GVA is registered at 16.5%, 28.2% & 55.3% respectively.

Although overall growth in economy has slowed down, still India is recognized as a bright spot of the global economy. Country witnessed its best phase of macro-economic stability in the recent years. From being 11th largest economy few years back, today India has emerged as 5th largest economy in the world.

**Indian Agriculture sector:**

Agriculture is the primary source of livelihood for about 58% of the India's population. It accounts for 16.5 per cent of the total GVA, which comes to about ₹30.47 Lakh Crore in FY 2019-20. In spite of rapid development in non-agriculture sectors in India, agriculture continues to be the main driver of the rural economy. Understanding this fact, the present government has prioritized its efforts for growth in agriculture and initiated various special programmers for this sector include widening the irrigation base, access to farm credit, food processing, integrated platform for output markets, mentoring agri-entrepreneurs, agriculture exports, increased minimum support price (MSP), Transport and marketing assistance for farm produce, warehousing, cost of storages, soil health cards, Fasal Bima Yojna to secure the farmers against natural calamities and other non-farm activities to support the income of farmers.

Growth of agriculture & allied sectors has shown a marginal decline by 0.1 per cent during the year under review. It grew by 2.8% in 2019-20 as compared to growth of 2.9 per cent witnessed in 2018-19. However, it is much below the targeted growth of 4% pegged by government for agriculture sector. Having limited irrigation resource, performance of agriculture in India largely depends on behavior of South west monsoon, in terms of overall rainfall quantum and its distribution over the monsoon season. Monsoon season 2019 ended with i) higher precipitation by 10% over normal rains & ii) Prolonged rainy days by about 40 days, up to Oct'19. Excessive rains caused flood like conditions in many states and damaged the standing Kharif crops. Extended monsoon has coincided the harvest time of Kharif crops and impacted the yield as well as quality and market value of Kharif outputs and also delayed the next crop cycle of Rabi crops considerably. The attack of locust in many states such as Punjab, Rajasthan, and Gujarat etc. caused significant damage to the standing Rabi crops in many areas. Rabi season started with a happy note of overall higher soil moisture status across the states due to excessive rains received in monsoon season and record reservoir levels, promising for enhanced irrigation potential. Overall sowing area in agriculture year 2019-20 has been increased to 1725 Lakh Hectare, which is 2% higher over normal crop area coverage in the country during past years. In spite of having uneven distribution of rains with excessive rains received in many states, country is likely to witness record food grain production of 296 million MT in 2019-20 season, higher by 3.7 per cent over 2018-19. However, from farmer's perspective, because of various reasons, they did not get remunerative prices for their crops and therefore, increased production could not help to lift their economic conditions proportionately in true sense. Especially during Rabi season, the pandemic situation of Covid-19 has coincided with Rabi harvest time, which has delayed the harvest of matured crops, deterioration of its quality and delayed sales in mandis, hampering their cash flow severely. The disturbance in supply chain cycle during Covid 19 time has caused heavy loses to the fruit and vegetable farmers.

**Performance of Fertilizer Industry in India:**

Year 2019-20 started with a prediction of better monsoon to prevail in the country & also it being election year, the political desire of the Government to ensure security of fertilizer supply in the country, promising for very good demand prospects to prevail for fertilizer business. Although, overall rainfall has remained higher, its uneven distribution and prolonged period has impacted the farm economy and cash cycle at grass root level. Therefore, in spite of increased area under sowing and better availability of fertilizers, the real demand from farmer's level has remained passive during the year. World prices of raw materials and also finished fertilizers have declined consistently during the year 2019-20, which has prompted for higher domestic production and also higher imports of fertilizers in the country.

Overall fertilizer production has increased to 426 Lakh MT in 2019-20, exhibiting growth of 3 % over 2018-19. Individually, production of DAP has increased with a higher scale (17%) during the year.

Imports of fertilizers have rose moderately by 1% and reported as 184 Lakh MT in 2019-20. In fact imports of DAP & MOP have reduced significantly, however, higher imports of Urea under Government account to the tune of 22% have largely contributed in increase in overall fertilizer imports during 2019-20. With improved availability of fertilizers, market has remained saddled with higher inventories throughout the year. Initially, up to mid-July'19, on account of deficit rains during early Kharif season, demand of fertilizers has remained moderate. Subsequently in the later half, on account of excessive rains and prolonged monsoon period, which has largely damaged Kharif harvest followed by unseasonal rains at the time of Rabi harvest and also the Covid-19 impact at the fag end of the year has impacted the sentiments at farmer's level considerably and hence although sowing area have enhanced and selling prices of fertilizers are reduced, it has not converted into enhanced real demand for inputs like fertilizers at farmer's level during the agriculture year 2019-20.

Continuous decline in import prices have put a pressure on retail selling prices of Phosphatic fertilizers in India. Channels were hopping further cut in prices with continued volatility in import prices and therefore, reluctant to hold higher stocks. Overall, selling prices of Phosphatic fertilizers have declined by 15 - 20% during the year. Since raw materials are being procured in advance with a time leg of 2-3 months, decline in import prices of finished fertilizers and thereby MRP in a continuous manner in India has impacted the margins of domestic industry to considerable extent during 2019-20.

In order to facilitate the growing demand in the country, both production (2%) and Imports (22%) of Urea have been stepped up in the country. In case of Phosphatic sector, production of DAP has increased by 17 % whereas, that of NPK products has contracted marginally by 2 %. Imports of DAP has registered a decline of 22 % for want of adequate demand support in terms of real sales pull from farmers. Imports of MOP in the country have registered a negative growth of 5%. Lower growth in NPK production, decline in direct consumption of MOP in agriculture and maintaining status quo in its MRP vs. reduction made in Phosphatic fertilizers during the year have contributed in overall reduction in MOP sales in the country.

As the agriculture year 2019-20 progressed, retail demand of fertilizer has picked up reasonably during latter half of the year, which has helped in clearing the inventories lying unsold at retail level. PoS sales have picked up momentum which enabled industry to avail subsidy under DBT scheme. The budgetary provisions made by Government of India for fertilizer subsidy were inadequate and got exhausted in the early 2nd half of 2019-20, leading to financial stress at industry level. Lately Government has taken the cognizance of this aspect and made special banking arrangement (SBA) to ease the situation to some extent.

Outbreak of Covid-19 since March-20 has disrupted production, imports and distribution of fertilizer in the country, which has impacted the peak demand of fertilizers towards hot weather crop season and also advance stocking of fertilizers towards ensuing Kharif season.

Overall, in spite of having very good monsoon and increased crop area in the country as well as lower fertilizer prices, demand of fertilizers has remained passive from farmer's level. Channels have all the time remained saddled with stocks and cash-flow as well as margins of the industry has remained under pressure during the year.

**GSFC's Performance FY 2019-20 :**

During 2019-20 although, country received excessive rains with prolonged period of monsoon, it could not help to rejuvenate the real fertilizer demand in the market. Rather, enhanced period of monsoon has damaged the standing crops significantly, initially during Kharif season, followed by delayed harvest and bringing the farm produce to market has disturbed the whole agriculture cycle at farmers level. Excessive rains received in our home state of Gujarat and also in the states like Maharashtra, Rajasthan, MP, Bihar, Karnataka, UP, constituting our major market segments have impacted the farm economy and hence affected demand pull for inputs like fertilizers to considerable extent.

In spite of lacklustre demand prevailed in the fertilizer consumption during the FY 2019-20, your company could sell 24.67 Lakh MT fertilizers, which is marginally lower by 4 % over 2018-19. Decline in aggregate fertilizer sales during the year under review is largely attributed to lower availability of Urea through both production as well as Import handling on Government account at Rozi Port.

With augmented availability of raw materials at better prices; availability of Phosphatic fertilizers through Sikka unit has enhanced which in turn helped to increase the sales of Sikka products by 15 % over FY 2018-19. With increased production of DAP through Sikka Unit, company has curtailed its imports drastically during the year. Accelerated availability of Ammonium Sulphate through Baroda Unit has helped company to achieve record sales of Ammonium Sulphate to the tune of 4.39 Lakh MT during the year. Similarly the sales of 3.47 Lakh MT Ammonium Phosphate Sulphate achieved in 2019-20 is also all time higher. For the first time GSFC has ventured into Imports of MOP fertilizer and sold 0.89 Lakh MT quantities in various states of our operation, which accounts for 3% of the national consumption. Your company has imported new NPK grade – NPK 16:20:0:13 to cater the specific demand of southern states, which has a growing consumption trend in such region. Also contemplating to commence commercial production of NPK grade 16:16:16 from Kharif-20 season at Sikka unit, which will help in enhancing our product basket further in NPK segment.

Gujarat is most economic market for GSFC, fetching highest margins in fertilizer business. We have enhanced contribution of Gujarat in overall fertilizer business of company to 40 %, 1 % higher over 2018-19.

In order to strengthen the logistics operations, first time in the history, GSFC has started fertilizer movement in container load through water ways from its Sikka Unit. This approach will also help in catering piece meal demand of individual products coming forward through different coastal states of our operation.

With a view to improve the acceptability of Imported P&K fertilizers further, company has introduced packing of such products in yellow coloured bags, which has been well received in the market.

Your company is taking up intensive promotional campaigns during Kharif and Rabi season which helps in furthering up our brand values in the market.

**Areas of concern:**

Continuing Urea out of the NBS policy and keeping its MRP at quite low level v/s that of P&K fertilizers, resulting into excessive use of Urea by the farmers, curtailing applications of P&K fertilizers and thereby impacting NPK ratio of the soil adversely and affecting the soil productivity.

On account of India's over reliance on imports for both, raw materials & also finished Phosphatic fertilizers and global suppliers are by far common for both the category of imports; as far as competitiveness is concerned, domestic industry is always at disadvantage vis-à-vis imported finished fertilizers. Therefore, Indian Phosphatic industry is unable to run their plants to full load and about 40% capacity remains idle. Unless Government bridge this anomaly through imposing appropriate import duty on imports of finished fertilizers, it will be difficult for Indian Phosphatic industry to sustain business viability in a long run.

Timely receipt of subsidy payments through Government is very important for sustaining financial health of the industry. However, unfortunately, releasing payment of subsidy by Government gets inordinately delayed primarily because of under provisioning of fertilizer subsidy amount in the union budget besides cumbersome procedures under DBT. Delays in subsidy payments entail to liquidity crisis and higher borrowing cost at industry level.

Regulation of movement through supply plan limits the market development in various territories and results into inconsistent presence in farther but important market segments.

GSFC's higher dependence on imported raw materials, especially Phosphoric Acid (PA) for Sikka unit sometime affect the production of Phosphatic fertilizer over last few years. This constraint, however is mitigated partly through PA supplies gradually getting channelized through our JV partner TIFERT besides supplementing DAP requirement through imports on need basis.

**Recent Developments and outlook for 2020-21:**

Pandemic situation developed under the influence of Covid-19 has a dip and long lasting impact on agriculture and food sector. Late harvest of Rabi crops, its delayed procurement, disrupted supply chain for both supply of agri inputs to farmers and also bringing farm harvest to market, non-availability of adequate laborers, and non-remunerative prices of farm produce in the open market etc. has impacted the economics of the farming community adversely.

Operations of all the sectors of agri inputs, including Seeds, Agrochemicals, Fertilizers, Farm processing, farm machinery, Micro irrigation, warehousing and cold storage, food retail, e-commerce etc. are badly affected under the control measures taken for pandemic situation. As far as production is concerned, 15% capacity of Urea and half of the capacity of Phosphatic fertilizers remained closed for almost 45 days. Even at plant level, bagging of fertilizers and its road-rail logistics has been slowed down for want of labor force. Similarly, at ports, handling of imports and its further inland supplies have been affected to considerable extent in absence of sufficient labors. Availability of adequate rail rakes has become critical on account of higher turnaround time of the rakes due to labor crises faced under Covid situation. Distribution of stocks available at Plant, Port and in the field warehouses could not reach to farmers as road transport services got crippled for more than two months. It being essential commodity, distribution and selling of fertilizers was allowed to continue by government authorities through legal notifications, however, there were various local hindrances on account of which practically, it remained standstill for more than a month's time. On account of restricted production/imports followed under present conditions, stock levels of P&K products have depleted fast in the market. Further, under the fear of non-availability of fertilizer supplies in ensuing Kharif season, farmers have started stocking fertilizers in advance, which may help to liquidate the back-log quantities lying unsold with the channels.

Bottlenecks of Direct benefit transfer (DBT) scheme of subsidy and the constraint of budgetary provisions of subsidy may continue to impact the cash flow of fertilizer industry. Subsidy rates for P&K fertilizers are reduced in the range of 0.6 % on Nitrogen, 2.2 % on Phosphorus and 9.1 % on Potash by Government of India for 2020-21.

Recent increase in the prices of Phosphoric acid, which is important raw material for manufacturing Phosphatic fertilizers will push up the cost of production of such fertilizers further and widen the gap in the economics between manufactured and imported DAP.

This phenomenon is expected to encourage higher imports in FY 2020-21. However, reduction in import prices of MOP will provide leverage to NPK industries to some extent. The recent reform package announced by the Government worth ₹ 20,000 Lakh Crore, has considerable cake for agriculture and allied sectors, which will help to fuel up rural demand, including that of fertilizers in 2020-21.

India Meteorological Department (IMD) in its recent update on monsoon, predicted "Normal" rains in ensuing season, which is quite encouraging and promises for better seasonal prospects to prevail in 2020-21. Selling prices of Phosphatic fertilizers are unlikely to get improved in short run, during the 1st half of current financial year. Hike in minimum support prices (MSP) extended for Rabi crops have given enhanced return to the farmers on their output to be marketed in current season and also the purchasing power of farmers for procurement of inputs. Lately, procurement of Rabi harvest in respect of oilseeds, pulses, wheat has been accelerated, which will support the farm incomes to considerable extent. Commission for Agriculture Costs and Prices (CACP) has recommended higher support prices in the range of 2-13% for Kharif-20 season, which will encourage farmers for more plantation Further, on account of having availability of higher irrigation potential, plantation of Summer crops has reached to record level of 67 Lakh Hectare, 60% higher over normal area coverage, which will provide added breather to the farm sector. These developments will support farm incomes and also salutary effect to ease the food price pressure.

Under the influence of Covid-19, economic growth in terms of overall GDP of the country is bound to get shrink to greater extent in 2020-21. World Bank cut India's growth forecast to 1.5-2.8% from earlier estimate of 6.1%. However, as per recent assessment of NitiAyog, the country's farm sector is poised to grow at 3% in 2020-21, despite disruption in overall economy due to Coronavirus pandemic.

Overall, under the backdrop of bumper Rabi harvest, larger summer crop area and with prediction of better monsoon, outlook in general for agriculture and in turn for the fertilizer industry looks good for 2020-21 as far as real demand is concerned.

**Raw material prices:**

The international prices of raw materials were having downward trend during FY 2019–20 as compared to 2018–19.

The average CFR prices of Phosphoric Acid (PA) which was USD 752 per ton during 2018–19 went downwards to USD 664 (11.70 %) per ton during 2019–20.

The average prices of Ammonia decreased during 2019–20 as compared to 2018–19. The average CFR prices of Ammonia during 2018–19 was USD 322 per ton went down to USD 262 (18.63 %) per ton during 2019-20. On an average, there was 18.63 % decrease in prices of Ammonia as compared to 2018–19.

The average CFR price of Rock Phosphate increased during 2019–20 as compared to 2018–19. The average CFR price of Rock Phosphate during 2018–19 was USD 85.58 per ton which went up to USD 94.61 (10.55%) per ton during 2019–20. On an average there was 10.55% increase in price of Rock Phosphate compared to 2018–19.

The price of Sulphur decreased during 2019-20 as compared to 2018-19. The average CFR price of Sulphur during 2018-19 was USD 154.06 per ton went down to USD 91 (40.93%) per ton during 2019-20. On an average, there was 40.93% decrease in price of Sulphur as compared to 2018-19.

**Average price of Raw Material products ($ / MT)**

| Product | 2018-19 | 2019-20 | % Increase / Decrease |
|---|---|---|---|
| Phos. Acid (C & F) | 752 | 664 | (-)11.70 |
| Ammonia (C & F) | 322 | 262 | (-)18.63 |
| Rock Phosphate (C & F) | 85.58 | 94.61 | (+)10.55 |
| Sulphur (C & F) | 154.06 | 91 | (-) 40.93 |

**INDUSTRIAL PRODUCT SCENARIO:**

The Financial year 2019-20 has witnessed series of events in terms of delayed but heavy rainfall, coupled with volatility in price of crude oil, poor demand from Auto sector, depreciated Rupee against dollar and at the end of the financial year 2019-20, COVID-19 pandemic across the globe.

The crude oil prices trajectory was impacted by the geo political tension between Saudi Arabia and Russia. The crude oil prices were continued to fall from April 2019 to March 2020 by more than 50%. The price of petrochemicals also remained under pressure due to poor demand, coupled with issues of trade war between USA and China which got further aggravated due to COVID-19 which started since Dec 2019.

The Indian automobile industry, the world's fourth-largest, has finally embraced a slowdown after a near-decade of high growth. During May 2019, the Society of Indian Automobile Manufacturers (SIAM) announced a 17 percent decline in passenger vehicle sales for April 2019, the lowest in nearly eight years. According to the data available with SIAM, this is the 11th consecutive month since July 2018 when car sales have shown a decline. The slowdown has forced production cuts by top automakers to streamline their inventories. Overall Index of Industrial Production (IIP) data has been reported -0.7% during April to March of FY2019-20, which was 3.8% during the corresponding period of FY2018-19.

As per the estimates, India's estimated gross domestic product (GDP) for the fourth and final quarter of FY2019-20 fell to 3.1 per cent. Data suggests that India's GDP growth in FY2019-20 slowed down to an 11-year-low of 4.2 per cent.

Accordingly, the sales of Industrial products have been impacted during FY2019-20 in terms of prices down by more than 15% on Year of Year basis for the products like Caprolactam and Nylon -6 Chips. The volumes were also gone down by 7% for Nylon -6 Chips and 11% for Caprolactam during FY2019-20. The oversupply of Caprolactam in international market has resulted into lower price of Caprolactam globally.

The sales volume of Melamine has increased by 42% during FY2019-20 as compared to FY2018-19 due to the availability of additional quantity from Melamine –III plant. Margin of Industrial products continued to remain under pressure during FY2019-20 due to poor demand, upward price movement of raw materials like benzene which has impacted the profitability of the Industrial Products segment.

Global economic activity has come to a near standstill as COVID-19 related lockdowns and social distancing are imposed across practically 188 No. of affected countries of the world. The outlook is now heavily contingent upon the intensity, spread and duration of the pandemic.

## 1. FINANCIAL PERFORMANCE OF THE COMPANY DURING FY 2019-20:

| Particulars | Units | 2018-19 | 2019-20 | CHANGE | CHANGE % | REASON FOR CHANGE |
|---|---|---|---|---|---|---|
| Debtors' Turnover | Days | 58.25 | 65.16 | 6.91 | 12% | change < 25 % |
| Inventory Turnover | Times | 13.66 | 9.29 | -4.37 | -32% | Stock Turnover reduced due to lower sales and higher fertilizers inventory. |
| Interest Coverage Ratio | Times | 14.99 | 3.74 | -11.24 | -75% | Interest Coverage ratio declined due to higher finance cost and lower profit. |
| Current Ratio | Ratio | 1.86 | 1.90 | 0.04 | 2% | change < 25 % |
| Debt Equity Ratio | Ratio | 0.15 | 0.23 | 0.08 | 53% | Debt Equity Ratio increased due to lower equity and increased short term borrowings. |
| Operating Profit Margin | % | 9.94 | 5.40 | -4.54 | -46% | Profitability decreased due to lower margins of Industrial Products and impact of quadrennial wage revision. |
| Net Profit Margin | % | 5.76 | 1.30 | -4.46 | -77% | |
| Return on Net Worth | % | 6.79 | 1.45 | -5.34 | -79% | |
| Debtors' Turnover | Days | 58.25 | 65.16 | 6.91 | 12% | change < 25 % |
| Inventory Turnover | Times | 13.66 | 9.29 | -4.37 | -32% | Stock Turnover reduced due to lower sales and higher fertilizers inventory. |
| Interest Coverage Ratio | Times | 14.99 | 3.74 | -11.24 | -75% | Interest Coverage ratio declined due to higher finance cost and lower profit. |
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| Return on Net Worth | % | 6.79 | 1.45 | -5.34 | -79% | |

*Based on 39,84,77,530 equity shares of Face value ₹ 2/- each

# Debtors' Turnover is excluding subsidy income and receivables

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

There exists a comprehensive system of internal controls in place. The internal auditors of the Company comprehensively carry out their audit and their observations/audit queries are being discussed and debated at length by the Audit Committee. The Audit Committee of the Company also reviews the follow-up actions in respect of the items which did not get closed and seek explanation for the open items. The internal control system is so designed that a particular transaction gets filtered at different levels so as to ensure that proper recording of such transaction takes place and no unscrupulous elements get into the system. The Company uses the SAP platform where-in the roles, responsibilities and authorities are well defined and no deviation is allowed without proper management approval.

## 2. TEN YEARS PRODUCT PERFORMANCE RECORD:

The last 10 years' Product-wise performance years is given below:

Product-wise performance in terms of production and sales for the last ten years is given below:

| PARTICULARS | Unit | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **PRODUCTION** | | | | | | | | | | | |
| FERTILIZERS | MT | 1665824 | 1733957 | 1678958 | 1507991 | 1491741 | 1385857 | 1423059 | 1436535 | 1470350 | 1556172 |
| Ammonium Sulphate | MT | 445630 | 374720 | 372330 | 337370 | 334030 | 318680 | 306671 | 315145 | 298000 | 278470 |
| Ammonium Sulphate Phosphate | MT | 267140 | 291940 | 282360 | 313860 | 328430 | 337930 | 336340 | 294600 | 302800 | 280500 |
| Di-Ammonium Phosphate | MT | 484720 | 459090 | 503830 | 411850 | 370200 | 314600 | 390300 | 424520 | 534100 | 706170 |
| N P K | MT | 128120 | 193150 | 154220 | 38340 | 47650 | 15460 | 19520 | 10280 | 0 | 0 |
| UREA | MT | 332705 | 405360 | 361181 | 406571 | 411431 | 399187 | 370228 | 391990 | 335450 | 291032 |
| CAPROLACTAM | MT | 83093 | 91479 | 86662 | 86191 | 86297 | 89918 | 84856 | 83180 | 80503 | 79577 |
| NYLON-6 | MT | 24296 | 23887 | 20215 | 17421 | 9885 | 9400 | 9751 | 9659 | 8914 | 9464 |
| MELAMINE | MT | 29215 | 14161 | 15188 | 14886 | 15697 | 14284 | 14916 | 14001 | 15279 | 13938 |
| ARGON | '000NM3 | 3116 | 3574 | 3319 | 3549 | 3581 | 3611 | 3334 | 3458 | 3270 | 3327 |
| MONOMER | MT | 1709 | 3993 | 3187 | 751 | 2281 | 3435 | 3227 | 3116 | 4287 | 4547 |
| ACRYLIC SHEETS | MT | 0 | 0 | 10 | 0 | 122 | 79 | 780 | 566 | 876 | 721 |
| ACRYLIC PELLETS | MT | 0 | 0 | 9 | 285 | 1346 | 969 | 1701 | 1974 | 2046 | 1710 |
| NYLON FILAMENT YARN | MT | 0 | 0 | 811 | 4044 | 4219 | 3427 | 3643 | 3080 | 3910 | 4361 |
| NYLON CHIPS | MT | 0 | 0 | 2749 | 6559 | 8397 | 9114 | 9219 | 6563 | 5103 | 5399 |
| **SALES** | | | | | | | | | | | |
| FERTILIZERS* | MT | 1682171 | 1598428 | 1604222 | 1412044 | 1434684 | 1320471 | 1383154 | 1395376 | 1441232 | 1571500 |
| Ammonium Sulphate | MT | 441335 | 385952 | 360555 | 308214 | 329778 | 315926 | 309843 | 320007 | 302915 | 336988 |
| Ammonium Sulphate Phosphate | MT | 249482 | 293115 | 262134 | 299025 | 290107 | 334072 | 334193 | 335865 | 296470 | 304940 |
| Di-Ammonium Phosphate | MT | 524410 | 399309 | 500999 | 417820 | 368874 | 302666 | 386585 | 431238 | 543699 | 707529 |
| N P K | MT | 141409 | 184270 | 130194 | 35024 | 46558 | 14628 | 25811 | 3925 | 0 | 0 |
| UREA | MT | 325536 | 366763 | 313448 | 360879 | 355402 | 353058 | 325051 | 343736 | 289678 | 249699 |
| CAPROLACTAM* | MT | 58764 | 65596 | 63217 | 63101 | 66483 | 68901 | 65725 | 64728 | 63082 | 61770 |
| NYLON-6 | MT | 23752 | 25311 | 22569 | 13697 | 9999 | 9701 | 9915 | 9732 | 8756 | 9623 |
| MELAMINE | MT | 26234 | 13953 | 15298 | 15341 | 15096 | 14283 | 15378 | 14166 | 15283 | 13319 |
| ARGON | '000NM3 | 3099 | 3563 | 3317 | 3546 | 3599 | 3622 | 3313 | 3453 | 3272 | 3327 |
| MONOMER* | MT | 2200 | 3989 | 3236 | 480 | 1947 | 2934 | 1316 | 2108 | 2036 | 2292 |
| ACRYLIC SHEETS | MT | 0 | 0 | 76 | 91 | 112 | 122 | 707 | 678 | 726 | 728 |
| ACRYLIC PELLETS | MT | 0 | 9 | 44 | 344 | 1365 | 984 | 1705 | 1978 | 1993 | 1855 |
| NYLONE FILAMENT YARN | MT | 5 | 20 | 991 | 4309 | 2706 | 3233 | 3378 | 2924 | 3319 | 4033 |
| NYLON CHIPS | MT | 0 | 146 | 3730 | 4296 | 6262 | 6514 | 6455 | 6331 | 5121 | 5251 |

*excluding captive consumption

3. **RISK MANAGEMENT:**

Changes in Government policy, currency risk, fluctuation in input prices, increase in NG prices, insufficient availability of natural gas and raw material in the international market will have an impact on Company's profitability.

Market may experience frequent changes in the price of domestic Phosphatic Fertilizers depending upon the cost of production of the manufacturers. The resistance from farming community has impacted demand. DAP sales was 111 Lakh MT during 2010-11 which has gone down substantially during the subsequent years (74 Lakh MT during 2013-14, 76 Lac MT in 2014-15 & 98 Lac MT in 2015-16). With sharp increase in NG price, prices of Phosphatic fertilizers would go up. In the current scenario, good and widely distributed rainfall, smooth & comparatively cheaper availability of raw materials and timely reimbursement of subsidy by the Govt. of India would be the prime catalysts for the Company to sustain its operations profitably.

In the above likely scenario, the Company is focusing on the efficiency improvement with higher production levels, efficiencies in raw material procurement, increased availability through imports, reduction in marketing & distribution costs, production of various complex grades at Sikka and proper product/ segment strategies to maximize the sales to achieve better contribution from its product basket.

To control the financial risks associated with the Foreign Exchange/ Currency rate movements and their impact on raw material prices, the Company has put in place a sophisticated Foreign Exchange Risk Management System.

4. **RESEARCH AND PROMOTIONAL ACTIVITIES:**

Your company has a state-of-the-art soil testing laboratory equipped with high through-put machine i.e. ICP-OES with a testing capacity of 1 Lac samples per annum. Over a period of time, this laboratory has analysed more than 1.47 million of Soil samples across the state. With compilation of last 10 Years data, your company has developed GUJARAT SOIL ATLAS, which has complete mapping of all Taluka of Gujarat with pictorial depiction of soil nutrient deficiency in all Taluka of the state. Your company make use of the latest IT technology and with the available database; you have developed Software to generate online Fertilizers recommendations for particular crops for all Taluka of Gujarat State. This software provides options of THREE fertilizers packages to farmers along with cost benefit ratio. Your company promotes balanced fertilizer usage which is environment friendly. With an endeavour to achieve prosperity for farmers on one hand and commitment for improving the soil health, your company has been involved in organizing awareness campaigns not only in Gujarat but also in Punjab, Haryana, Maharashtra & Rajasthan. The motive is to maintain and improve the soil fertility for future generations.

Your company is running round the year call centre (Toll free number-1800 123 5000) to support farmers in Hindi, Gujarati and Marathi languages. The call centre not only provides answers to general issues but has the capacity to link farmers to experts from Agricultural Universities as well.

Your Company is organizing regular & re-orientation Farm Youth Training Programs since 1986 in coordination with Agriculture Universities of Gujarat to educate the young generation of Farming Community regarding latest agricultural technology and also motivate them to adopt it for increasing farm productivity. It organizes four regular & one re-orientation Farm Youth Training Programs every year to promote high-tech agri-concepts among the farmers, who are now decision makers.

Your company is publishing agricultural monthly magazine 'KrishiJivan' since 1968 in local language and in Hindi quarterly. It has one of the highest circulations i.e. 50000 copies per issue. It provides latest agriculture information to farmers based on scientific research of scientists of Agriculture Universities and acts as a link for transfer of technology from 'Lab to Land'.

Your Company is concerned about the environment and ecological balance and in its endeavour it is contributing through tree plantation, garden development & maintenance etc. with an objective to turn GSFC 'Green to Greener' and thus also supporting the initiative of Govt. of Gujarat in this direction.

For encouraging urban population to increase greenery and maintaining the ecological balance, your Company sponsored Fruit, Flower & Vegetable shows in association with Baroda AgriHorti Committee. It has participated in the competitions and won accolades and appreciation and sales plants and Agro Inputs from "Kissan Suvidha Kendra".

**GSFC Agrotech Limited**

GSFC AgroTech Ltd., a wholly owned subsidiary of GSFC was established in the year 2012 with the aim of providing single stop solution to the farmers by providing reliable Agri-products at reasonable prices and promoting extension services either directly or in association with Government. Today GATL is one of the pioneers in organized agri-input retail in India and its services are synonymous with innovation and path breaking ventures in the agri-input industry.

GATL manages 285 plus retail outlets across the state of Gujarat and 11 in Rajasthan with a vision to expand its retail chain to other states in the upcoming year. We take pride in the fact that we are the only agri-input company in India which has deployed trained Agriculture Graduates / Post Graduates to manage its retail outlet.

We consider farmer as our partner and are committed to providing an assured supply of a comprehensive range of agri-inputs to our customers. We have thus collaborated with leading agri-inputs companies National Seed Corporation, Pioneer, Coromandel International, Indian Potash Limited, Kribhco, Rise N Shine, etc. to ensure the all-round availability of multi brand products at our retail outlets.

Keeping in view the Government's agenda of doubling farmer's income, we have worked on price rationalization of our products like WSF to offer best quality agri-inputs at most reasonable prices. Product innovation is yet another endeavour at GATL. Keeping in view the best interest of the farmer, soil and environment, we are continuously involved in development and launch of newer products and variants.

With a commitment to serve the farmers, GATL is in constant touch with the latest technology and innovations. State-of-the-art Tissue Culture lab which is certified by DBT (Department of Biotechnology, Government of India) has already developed tissue culture protocols for over 10 varieties of fruits, flowers and commercial crops. We sell approximately 64 lakhs plants annually in Gujarat and have also expanded our distribution network to other states.

GATL has also established itself as a trusted implementation partner with various departments of the Government of Gujarat for its farmer welfare schemes. Projects worth ₹ 70 crore have been successfully implemented for the Department of Agriculture & Tribal Development Department of Gujarat.

## 5. SAFETY, HEALTH AND ENVIRONMENT:

During the year under review, Health Safety Management System as well as elements of Process Safety Management were strengthened both of which are the fundamental building block of Safety functionaries in any industry.

HAZOP studies have been conducted as necessitated by inviting external agencies. Facelift is provided to the modules of the Contractors Safety and Visitors safety training topics. Focused Efforts have been pinned on trainings related to personal protective equipment and basic fire prevention; utilization of fire extinguishers etc.

Safety and Fire Trainings have covered more than **4125** employees, Contractors and visitors during the last FY 19-20.

Public Awareness campaign was arranged for inhabitants of nearby villages in which more than 100 ladies participated and absorbed the characteristics of Chemicals utilized in GSFC with the hazards and safety measures. Both manmade and artificial disasters were covered and methods of mitigation were shared as a part of interactive sessions.

Plant shutdown and start up activities pose hazards that are different than operational plant hazards and therefore intensified safety covers have been provided in a structured way, ensured right kind of hand tools, power tools, lifting tools and tackles as well as material handling and shifting devices to ascertain robust safety during plant shut down and start up activities. Pre Start up Safety Review and Non routine work permit as per checklist and in accordance with stipulations of SOPs have been ensured. Personal protection often termed as the last line of defense has always been emphasized and ensured for Employees, Contractors and Visitors.

Project commissioning work is going on for S90WDG which again has its own set of safety challenges. Adequate measures have been taken to ensure safety during Construction, Mechanical and Electro-mechanical work by elevating the safety measures and employing safety mechanisms utilized for project related works. Site Tool box talk, Use of certified tools and tackles, Safety Supervision and capturing near miss are ensured

Measures have been put in place to impart mechanical turnaround to fire fighting vehicles and as such Fire tenders are quick response vehicles can be used on the spur of the moment.

**Safety measures to safeguard against COVID – 19:**

Because of very nature of COVID-19; precautions are the key to safety.

GSFC Ltd, Vadodara, is committed to take care of employees, contractors and all stake holders.

Following preventive measures are being exercised at GSFC Vadodara:

- Sanitization Tunnel is made available at all the entry gates and it is ensured that the same is utilized cent percent.
- Sanitization and fumigation drives are being conducted on daily basis by the use of spray of recommended chemical as per the correct ratio using Fire tenders.
- Face masks & hand gloves are distributed among all employees on a regular basis.
- All the entrants must necessarily pass through a Temperatures scan at the entrance gate of factory itself at all time.
- All employees have been made aware of maintaining social distance by way of drawn circles.
- Medical services are acting on proactive basis.
- Instructions of State and Central Government as well as advisories are being followed in toto.
- Circulars and precautions are being utilized as flyers for the sake of employees, Contractors and all stake holders.
- Cleanliness and Hygienic activities are being maintained in all plants and departments of GSFC Vadodara.
- Chewing of tobacco, spitting here and there attracts penalty and is punishable too in GSFC Vadodara.
- Non usage of Face mask is punitive in GSFC.
- A number of interactive programs have been arranged by HR and Safety on how to remain safe during COVID 19 pandemic.
- Employees, Contractors and other stake holders who have a travel history, need to obtain medical fitness certificate before entering in GSFC Vadodara, been ensured. Personal protection often termed as the last line of defense has always been emphasized and ensured for Employees, Contractors and Visitors.

## 6. HUMAN RESOURCES:

Shareholders are requested to refer to point 26 on page no. 26 of the Directors Report which forms part of the Annual Report.

For and on behalf of the Board

Sd/-
Arvind Agarwal, IAS
*Chairman & Managing Director*

Place : Fertilizernagar
Date : 02nd September, 2020

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

### CAUTIONARY STATEMENT:

*Some of the statements made in this "Management Discussion & Analysis Report" regarding the economic and financial conditions and the results of operations of the Company, the Company's objectives, expectations and predictions may be futuristic within the meaning of applicable laws/regulations. These statements are based on assumptions and expectations of events that may or may not materialize in the future.*

*The Company does not guarantee that the assumptions and expectations are accurate and/or will materialize. The Company does not assume responsibility to publicly amend, modify or revise the statements made therein nor does it assume any liability for them. Actual performance may vary substantially from those expressed in the foregoing statements. The investors' are, therefore, cautioned and are requested to take considered decisions with respect to these matters.*

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***Data sources :*** *Websites of (1) Ministry of Finance, Department of Economic Affairs, (2) Ministry of Fertilizers & Chemicals, Department of Fertilizers, Govt. of India, (3) Central Statistical Bulletin, (4) FAI, New Delhi, (5) Economic Survey- 2018-19, (6) Fertilizer Market Bulletins and (7) Ministry of Agriculture & Farmers' Welfare, GoI. (7) Union Budget 2019-2020(8) India Meteorological Department (IMD), Government of India.*

# CORPORATE GOVERNANCE REPORT

## THE PHILOSOPHY

Corporate governance is about commitment to values and ethical business conduct by an organization. This includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the company is an integral part of corporate governance. This enhances public understanding of the structure, activities and policies of an organization. Consequently, the organization is able to attract and retain investors and enhance their trust and confidence.

We believe that sound corporate governance practice is critical for enhancing investors' trust and seek to attain business goals with integrity. Our Board exercises its fiduciary responsibilities in the widest sense of the term. Our disclosures always seek to attain the best practices followed. We also endeavor to enhance Stakeholders' value and respect minority rights in all our business decisions with a long term perspective.

Our corporate governance philosophy is based on the following principles:

1. Satisfying the spirit of law and not just the letter of law.
2. Transparency and maintenance of a high degree of disclosure levels.
3. Make a clear distinction between personal conveniences and corporate resources.
4. Communicating effectively, in a truthful manner, about how the Company is run internally.
5. Comply with the Law of Land.
6. Having a simple and transparent corporate structure driven solely by business needs.
7. Firm belief that Management is the trustee of the shareholders' capital and not the owner.

The Board of Directors ('the Board') is at the core of our corporate governance practice and oversees how the Management serves and protects the long-term interests of all our Stakeholders. We believe that an active, well-informed and independent Board is imperative for ensuring highest standards of corporate governance.

The Company is having an appropriately constituted Board, with each Director bringing in key expertise in their respective professional arena. The Chairman of the Company is a Non-Executive Director. More than half of the Board consists of Independent Directors. In fact, the Board of GSFC comprises of entirely non-executive Directors except the Chairman and Managing Director (CMD), who is an Executive Director.

There is a proactive flow of information to the members of the Board and the Board Committees enabling discharge of fiduciary duties effectively. The Company has full-fledged systems and processes in place for internal controls on all operations, risk management and financial reporting. Providing of a timely and accurate disclosure of all material, operational and financial information to the stakeholders is a practice followed by the Company. The Company confirms to all the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All the Committees of the Board like Stakeholders Relationship Committee, Finance-cum-Audit Committee, Corporate Social Responsibility Committee, Nomination and Remuneration Committee, Risk Management etc. that are constituted under the Code of Corporate Governance, have been functioning effectively.

The Board of Directors of the Company has formally adopted the Code of Conduct way back at its Meeting held on 28-01-2005, which has subsequently been updated to make them contemporary from time to time. The Code has been made applicable to the Board of Directors and the Senior Officers of the Company, i.e. all the members of the Internal Management Committee of the Company. The Code includes honesty and integrity in all the transactions concerning the Company, conflict of interest, insider trading, protection of assets, communication, duties of independent directors etc. The Code of conduct is also available on the website of the Company at www.gsfclimited.com. The Company firmly believes and accepts that this code of conduct cannot be expected to remain static and therefore, it would need continuous improvisation as per moral, cultural and ethical sense of values encountered by the Company with the passage of time. Needless to mention that the same also continues to get tested and remains compliant from the Regulator point of view.

## 1 BOARD OF DIRECTORS

☞ ***COMPOSITION AND CATEGORY OF DIRECTORS :***

The strength of the Board of Directors as on 31st March, 2020 was eight; its composition is tabulated below:

| Sr. No. | Name of Directors | Category |
|---|---|---|
| 1 | Shri Arvind Agarwal, IAS,<br>Chairman and Managing Director (w.e.f. 07.12.2019) | Promoter, Executive Non Independent Non Rotational Director |
| 2 | Dr. J. N. Singh, IAS, Chairman (till 01.12.2019) | Promoter, Non- Executive Non Independent Non Rotational Director |
| 3 | Shri Sujit Gulati, IAS, Managing Director (till 06.12.2019) | Promoter, Executive Non Independent Non Rotational Director |
| 4<br>5<br>6<br>7<br>8 | Shri D.C. Anjaria<br>Prof. Vasant P. Gandhi<br>Shri Ajay N. Shah<br>Shri Vijai Kapoor<br>Smt. Geeta Goradia | Non Executive Independent Non Rotational Director |

| Sr. No. | Name of Directors | Category |
|---|---|---|
| 9<br>10<br>11<br>12 | Shri Arvind Agarwal, IAS (till 06.12.2019)<br>Shri Pankaj Joshi, IAS (w.e.f. 23.09.2019 to 16.12.2019)<br>Shri Pankaj Joshi, IAS (w.e.f. 21.12.2019)<br>Smt.Sunaina Tomar, IAS (w.e.f.04.01.2020) | Non Executive, Non Independent Rotational Director |

*Note : Shri Arvind Agarwal, IAS has been appointed as Chairman and Managing Director of the Company w.e.f. 07/12/2019 and hence his category has been changed from Director to Chairman and Managing Director.*

In all, six meetings of the Board of Directors of the Company were held during the Financial Year 2019-20 as detailed below:

| Sr. No. | Dates of Board meeting | Board strength | No. of Directors present |
|---|---|---|---|
| 1. | 22/05/2019 | 8 | 5 |
| 2. | 06/08/2019 | 8 | 8 |
| 3. | 24/10/2019 | 9 | 8 |
| 4. | 24/12/2019 | 7 | 5 |
| 5. | 15/01/2020 | 8 | 7 |
| 6. | 30/01/2020 | 8 | 6 |

***Note:*** The gap between the two board meetings never exceeded 120 days.

The details relating to the names and categories of the Directors on the Board, their attendance during FY 2019-20 at the Board Meetings and the 57th Annual General Meeting, their Chairmanship/ Membership in the Committees of other Companies are given below:

| Sr. No. | Name | Category | No. of Equity shares of the Company held by him | No. of Meetings attended | Attendance at the last AGM | No. of other Directorships/ Memberships | No. of Committees in which Chairman/ Member (Including GSFC Ltd.) Chairman(*) | Member(*) |
|---|---|---|---|---|---|---|---|---|
| 1 | Shri Arvind Agarwal, IAS Chairman and Managing Director (w.e.f. 07.12.2019) | Promoter's i.e. GOG Nominee Executive Director | - | 3 | - | 5 | - | 1 |
| 2 | Dr. J. N. Singh, IAS Chairman (till 01.12.2019) | Promoter's i.e. GOG Nominee Non-Executive Director | - | 3 | No | 10 | - | - |
| 3 | Shri Sujit Gulati, IAS Managing Director (till 06.12.2019) | Promoter's i.e. GOG Nominee Non-Executive Director | - | 3 | Yes | 6 | - | 1 |
| 4 | Shri D. C. Anjaria | Non-Executive / Independent Director | - | 6 | Yes | 6 | 2 | - |
| 5 | Prof. Vasant P. Gandhi | Non- Executive / Independent Director | - | 5 | Yes | 3 | 2 | 2 |
| 6 | Shri Ajay N. Shah | Non- Executive / Independent Director | - | 2 | No | 4 | 1 | 1 |
| 7 | Shri Vijai Kapoor | Non- Executive / Independent Director | - | 6 | No | 2 | - | - |
| 8 | Smt. Geeta Goradia | Non- Executive / Independent Director | - | 4 | Yes | 4 | - | 4 |
| 9 | Shri Pankaj Joshi, IAS (w.e.f. 23.09.2019 to 16.12.2019) | Non Executive, Non Independent Rotational Director | - | 1 | No | - | - | - |
| 10 | Shri Pankaj Joshi, IAS (w.e.f. 21.12.2019) | Non Executive, Non Independent Rotational Director | - | 1 | - | 9 | 2 | 4 |
| 11 | Smt. Sunaina Tomar, IAS (w.e.f.04.01.2020) | Non Executive, Non Independent Rotational Director | - | 2 | - | 10 | - | - |
| 12 | Shri Arvind Agarwal, IAS (till. 06.12.2019) | Non- Executive/ Non-Independent Director | - | 2 | No | 10 | - | 1 |

*(*) In accordance with Clause 26 of SEBI (**Listing Obligation and Disclosure Requirement)** Regulations, 2015, Membership/ Chairmanship of only the Audit Committee and Stakeholders Relationship Committee of all Public Limited Companies including GSFC as on 31st March 2020 have been considered.*

None of the Director is a member in more than ten Committees or is a Chairman in more than five committees, across all Companies in which He/She is a Director.

Notes:
- (i) None of the Directors is inter se related to any other Director.
- (ii) None of the Directors has any business relationship with the Company.
- (iii) None of the Directors received any loans and advances from the Company during the year.
- (iv) The Company has not issued any Convertible Instruments during the year

All Directors including independent directors meet with the requirements pertaining to the number of membership on the Board as well as membership/ chairmanship of the Board level Committees.

☞ **Details of Directorship in other Listed Entities as on March 31, 2020.**

| Name of Director | Names of Listed Entity | Category |
|---|---|---|
| Shri Arvind Agarwal | Gujarat Narmada Valley Fertilizers & Chemicals Limited | Non-executive & Non-Independent |
| Shri D C Anjaria | Ratnamani Metals and Tubes Ltd. | Non-executive & Independent |
| Prof. Vasant Gandhi | Advanta Limited | Non-executive & Independent |
| | UPL Limited | Non-executive & Independent |
| Shri Vijai Kapoor | — | Non-executive & Independent |
| Shri Ajay Shah | Britannia Industries Limited. | Non-executive & Independent |
| Smt. Geeta Goradia | Panasonic Energy India Company Limited. | Non-executive & Independent |
| | Transpek Industry Limited. | Non-executive & Independent |
| Shri Pankaj Joshi | Gujarat Alkalies & Chemicals Limited | Non-executive & Non-Independent |
| | Gujarat State Petronet Ltd | Non-executive & Non-Independent |
| Smt. Sunaina Tomar | Gujarat Industries Power Company Ltd. | Non-executive & Chairman |
| | Gujarat Gas Limited | Non-executive & Non-Independent |
| | Torrent Power Ltd. | Non-executive & Non-Independent |
| | Gujarat State Petronet Limited | Non-executive & Non-Independent |

The brief profile of directors forming part of Annual Report gives an insight into the education, expertise, skills and experience of directors, thus bringing in diversity to the Board's perspective. In terms of the requirement of the Listing Regulations, the Board has identified the core skills/ expertise/ competencies of the Board in the context of the Company's business for effective functioning and as available with the Board. These are as follows:

| Name of Director | Financial Management | Governance Practices | Corporate Practices | Business Strategy | General Management |
|---|---|---|---|---|---|
| Shri Arvind Agarwal | ✓ | ✓ | ✓ | ✓ | ✓ |
| Shri D C Anjaria | ✓ | ✓ | ✓ | ✓ | ✓ |
| Prof. Vasant Gandhi | ✓ | ✓ | ✓ | ✓ | ✓ |
| Shri Vijai Kapoor | ✓ | ✓ | ✓ | ✓ | ✓ |
| Shri Ajay Shah | ✓ | ✓ | ✓ | ✓ | ✓ |
| Smt. Geeta Goradia | ✓ | ✓ | ✓ | ✓ | ✓ |
| Shri Pankaj Joshi | ✓ | ✓ | ✓ | ✓ | ✓ |
| Smt. Sunaina Tomar | ✓ | ✓ | ✓ | ✓ | ✓ |

☞ ***Disclosure regarding appointment/ re-appointment of Directors*:**

Shri Arvind Agarwal, IAS has been appointed as Chairman and Managing Director of the Company w.e.f. 07.12.2019 in place of Dr. J. N. Singh, IAS Chairman (till 01.12.2019) and Shri Sujit Gulati, IAS, Managing Director of the Company (till 06.12.2019). Accordingly, the resolution relating to his appointment as Chairman and Managing Director of the Company including approval of terms & conditions of appointment and particulars of remuneration and perquisites paid to Shri Arvind Agarwal is placed for your approval.

Shri Pankaj Joshi, IAS was appointed as representative of Energy and Petrochemicals Department on the Board of the Company w.e.f. 23.09.2019 to 16.12.2019 vice Shri Raj Gopal. He was then appointed as representative of Finance Department to the Government of Gujarat on the Board of the Company and was appointed as rotational director in place of Shri Arvind Agarwal, IAS, Director (as he was in his erstwhile capacity as representative of Finance Department to the Government of Gujarat) of the company w.e.f. 21.12.2019.

Smt. Sunaina Tomar, IAS has been appointed as a representative of Energy and Petrochemicals Department to the Government of Gujarat on the Board of the Company and was appointed rotational director in place of Shri Pankaj Joshi, IAS, Director of the Company w.e.f. 04.01.2020. Smt. Sunaina Tomar, IAS shall be liable to retire by rotation at the ensuing Annual General Meeting, has offered herself for re-appointment.

The Board of Directors via circular resolution dated 02-09-2020 appointed;

(1) Shri Tapan Ray, DIN 00728682 as an additional director in the category of Independent Director of the Company with effective from 02-09-2020 and subject to approval of shareholders of the Company, the term of appointment of Shri Tapan Ray as an Independent Director of the Company shall be 5 (five) Years from the conclusion of 58th Annual General Meeting till the conclusion of 63rd Annual General Meeting.

(2) Dr. Ravindra Dholakiya, DIN 00069396 as an additional director in the category of Independent Director of the Company with effective from 02-09-2020 and subject to approval of shareholders of the Company, the term of appointment of Shri Ravindra Dholakiya as an Independent Director of the Company shall be 5 (five) Years from the conclusion of 58th Annual General Meeting till the conclusion of 63rd Annual General Meeting.

(3) Smt. Gauri Kumar DIN 01585999 as an additional director in the category of Independent Director of the Company with effective from 02-09-2020 and subject to approval of shareholders of the Company, the term of appointment of Smt. Gauri Kumar as an Independent Director of the Company shall be 5 (five) Years from the conclusion of 58th Annual General Meeting till the conclusion of 63rd Annual General Meeting.

(4) Dr. Sudhir Kumar Jain DIN 03646016 as an additional director in the category of Independent Director of the Company with effective from 02-09-2020 and subject to approval of shareholders of the Company, the term of appointment of Dr. Sudhir Kumar Jain as an Independent Director of the Company shall be 5 (five) Years from the conclusion of 58th Annual General Meeting till the conclusion of 63rd Annual General Meeting.

The Board of Directors is of the opinion that Shri Tapan Ray, Shri Ravindra Dholakiya, Smt. Gauri Kumar and Dr. Sudhir Kumar Jain are the persons of integrity with high level of ethical standards and they were holding senior positions in other organizations, all the directors possess requisite expertise and experience for appointment as Independent Director of the Company.

All the independent directors have submitted declarations that they meet the criteria of Independence as provided under section 149 (6) of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, the names of all the Independent Directors of the Company have been included in the data bank maintained by the Indian Institute of Corporate Affairs.

The brief resume of Directors with regard to appointment/ re-appointment at 58th Annual General Meeting is annexed to the Notice convening the 58th Annual General Meeting, which forms the integral part of this Annual Report.

A Certificate has been obtained from the Company Secretary in practice, confirming that non 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 other statutory authorities. The Certificate of Shri Niraj Trivedi is forming part of this report.

☞ ***Code of Conduct :***

The Company has laid down a Code of Conduct for all its Board Members and Senior Management Personnel to avoid any conflict of interest. The confirmation of adherence to the Code of Conduct for the Financial Year 2019-20 in the form of declaration is received from all the Directors and Members in the Senior Management of the Company, to whom such code is applicable.

The Board of Directors have noted the adherence to the code of conduct. The Code of Conduct of the Company is available on the Company's web-site viz.

http://www.gsfclimited.com/statu_comp.asp?mnuid=12.

**Availability of Information to the Board of Directors:**

The Board of Directors of the Company is apprised of all the relevant and significant information and developments pertaining to the Company's business and this facilitates them to take timely corporate decisions. The comprehensive management reporting systems are in place which encompass preparation and reporting of operating results by units or say divisions, other business developments etc. Their reviews are being carried out by senior management and the Board at its Meeting/s.

The Board of Directors have complete access to all the information that is within the Company. At the meetings of the Board, the senior executives and if required, even functional Managers, who can provide insight into the agenda items, are being invited.

All the mandatory information that is required to be placed before the Board of Directors and as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 are being placed before the Board of Directors should the occasion arise.

Apart from the matters that require mandatory Board approval, following matters are also put up for information to the Board, as and when the occasions arise:

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results for the company and its operating divisions or business segments.
4. Minutes of meetings of audit committee and other committees of the board.
5. The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
6. Show cause, demand, prosecution notices and penalty notices which are materially important.
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
8. Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company.
9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
10. Details of any joint venture or collaboration agreement.
11. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
12. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
13. Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
15. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

A Certificate of Compliance with all the applicable laws to the Company is being placed before the Board at its every meeting.

☞ **MANAGERIAL REMUNERATION**

**Remuneration to the Non-executive Directors:**

Directors (except Managing Director - Executive Director) are paid sitting fees for attending Board/ Committee Meetings and no commission/ share of profit is paid to them. The details of sitting fees paid to them for attending Board/ Committee Meetings during the year are as follows:

(Amount in Rupees)

| Name | Sitting Fees |
|---|---|
| Dr. J. N. Singh, IAS | 40,000/-* |
| Shri D.C. Anjaria | 2,10,000/- |
| Prof. Vasant P. Gandhi | 2,40,000/- |
| Shri Ajay N. Shah | 40,000/- |
| Shri Vijai Kapoor | 90,000/- |
| Smt. Geeta Goradia | 1,70,000/- |
| Shri Arvind Agarwal, IAS | 30,000/-* |
| Shri Pankaj Joshi, IAS | 40,000/-* |
| Smt. Sunaina Tomar, IAS | 30,000/-* |

**(*)** Deposited in the Govt. Treasury.

The Company pays sitting fee @ ₹10, 000/- per meeting to the Directors. No sitting fee however is being paid to Managing Director.

**Remuneration to the Executive Director:**

**Managing Director-**

The Managing Director of the Company is appointed from amongst the Directors nominated by the Government of Gujarat, who is a Senior Officer of Indian Administrative Service (IAS Cadre). He is being paid the remuneration applicable to his scale in the Government and in line with the terms & conditions prescribed by the Govt. of Gujarat. The remuneration to the Whole Time Director and other Non-Executive Directors of the Company, if any, is decided by the Board upon recommendation by the Nomination & Remuneration Committee. The details of the remuneration paid to the Directors during the financial year 2019-20 are as under:

| Name of MD | Salary & Perquisites |
|---|---|
| Shri Sujit Gulati, IAS Managing Director ( till 06-12-2019) | ₹ 27.09 Lakhs |
| Shri Arvind Agarwal, IAS Chairman and Managing Director (w.e.f.07.12.2019) | ₹ 12.95 Lakhs |

The Company currently does not have any Stock Option Plan in place. All the Directors have been reimbursed expenses incurred by them in discharge of their duties. There are no payments made to a Director in his individual capacity or to his relatives, and should there be an instance of such payment, the same would have been appropriately disclosed. However, none of these Directors has any material pecuniary relationship or transactions with the Company, its promoters, its Directors, its senior management or its holding Company, its subsidiaries and associates which may affect their independence. The Company has not entered into any materially significant transaction with Promoters, Directors or their relatives or its management or subsidiary that may have potential conflict with the interests of the Company.

**COMMITTEES OF THE BOARD:**

**2 AUDIT COMMITTEE:**

The Finance-cum-Audit Committee presently comprises of four Directors and majority of them are Independent and all are Non-Executive Directors. All the members of the Committee have wide knowledge and experience in the field of Corporate Finance and Accounts. The Committee is governed by a charter which is in line with the regulatory requirements mandated by the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligation & Disclosure Requirements), Regulations, 2015.

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

1. Management discussion and analysis of financial condition and results of operations.
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the Management.
3. Management letters / letters of internal control weaknesses issued by the statutory auditors.
4. Internal audit reports relating to internal control weaknesses.
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor.

The terms of reference of this Committee include matters specified in the Companies Act, 2013, Rules and Listing regulations and those specified by the Board in writing. Besides having access to all required information within the Company, the Committee may investigate any activity within its terms of reference, seek information from any employee, secure attendance of outsiders with relevant expertise, obtain legal or other professional advice from external sources, whenever required.

The Committee acts as a link amongst the Management, Auditors and the Board of Directors. The Audit Committee shall act in accordance with the terms of reference which shall, inter alia, include:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. 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.
   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 statement.
   f) Disclosure of any related party transactions.
   g) Qualifications in the draft audit report.
5. Reviewing, with the Management, the quarterly 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 utilised for purposes other than those stated in the offer

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 to take up steps in this matter;

7. Review and monitor the auditor's independence and performance and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
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 thereon;
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. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Vigil/Whistle Blower Mechanism;
19. Approval of appointment of CFO (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;
20. Carrying out any other function as is included in the terms of reference of the Audit Committee.
21. Reviewing the utilization of loans and/or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments existing as on 01.04.2020.

During the Financial Year 2019-20, five meetings of Finance-cum-Audit Committee were held i.e. on 21-05-2019, 05-08-2019, 24-10-2019, 30-01-2020 and 27-02-2020. The Composition of the Audit Committee and the attendance details are as under:

| Sr. No. | Name of the Member | Category | No. of meetings held during the tenure of Directors | No. of meetings attended |
|---|---|---|---|---|
| 1 | Shri D.C. Anjaria (Chairman of the Committee) | Independent Non-Executive | 5 | 5 |
| 2 | Prof. Vasant P. Gandhi | Independent Non-Executive | 5 | 5 |
| 3 | Shri Ajay N. Shah | Independent Non-Executive | 5 | 1 |
| 4 | Smt. Geeta Goradia | Independent Non-Executive | 5 | 5 |
| 5 | Shri Arvind Agarwal (As Member of the Committee till 06.12.2019) | Non-Independent Non-Executive | 3 | 0 |

The Finance - cum - Audit Committee meetings are usually attended by the Head of Finance Dept. Managing Director is also invited to attend the meetings as a Special Invitee. The Internal Auditors, Statutory Auditors, Cost Auditors and Branch Auditors are invited to attend the meetings as and when required. The Company Secretary acts as Secretary to the Committee.

Shri D. C. Anjaria, Chairman of the Finance-cum-Audit Committee remained present at the last i.e. 57th Annual General Meeting held on 27-09-2019.

### 3 STAKEHOLDERS RELATIONSHIP COMMITTEE

Pursuant to provisions of Section 178(5) of the Companies Act, 2013 and Listing Regulations, Stakeholders Relationship Committee of the Board comprises of Prof. Vasant Gandhi, Chairman of the Committee, Smt. Geeta Goradia, Shri Arvind Agarwal and Shri Sujit Gulati (till 06-12-2019) as on 31.03.2020. Shri V V Vachhrajani, Company Secretary & Sr. Vice President (Legal) is the Compliance Officer for complying with requirements of Securities Laws and Listing Regulations with Stock Exchanges.

During the FY 2019-20, four meetings of the Committee were held i.e. on 22-05-2019, 05-08-2019, 24-10-2019, and 30-01-2020. The details of Committee members and their attendance at the Committee meetings during the Financial Year 2019-20 are furnished below:

| Sr. No | Name of the Members | No. of meetings held during the tenure of Directors | No. of Meetings Attended |
|---|---|---|---|
| 1 | Prof. Vasant P. Gandhi | 4 | 3 |
| 2 | Smt. Geeta Goradia | 4 | 4 |
| 3 | Shri Sujit Gulati IAS (till 06-12-2019) | 3 | 3 |
| 4 | Shri Arvind Agarwal, IAS (w.e.f. 07-12-2019 appointment as Chairman and Managing Director) | 1 | 1 |

As a measure of good Corporate Governance and accepting the shareholders as its esteemed customers, the Company has well designed Investors' Grievance Redressal System. The average time taken for the grievance redressal is very less and the Committee monitors the investors' grievance redressal periodically. On the date of this report there are no complaints pending, which need redressal from Company's side. Also there are no cases of share transfers pending except those which are under sellers' notice/court cases under injunction order etc.

With a view to facilitating and ensuring timely transfer, transmission, transposition etc., the Board of Directors has delegated the authority in favor of the Company Secretary/ Dy. Company Secretary upto **5000 shares of ₹ 2/- each** per transfer request and the authority for approval of more than **5000 shares of ₹ 2/- each** per transfer request has been delegated to the Managing Director.

The report on various issues concerning the shareholders such as issue of share certificates, redressal of shareholders' complaints etc. is being periodically placed before the Committee.

The jurisdiction/terms of reference of the Committee encompass the following areas:

- Timely transfer of Shares and Debentures.
- Dematerialization and/or Rematerialization of shares.
- Transmission of Shares/ Deletion of Name in case of death of the shareholder/s.
- Issue of duplicate shares/debentures Certificates in case of lost / misplaced/ torn/ mutilated ones.
- Timely redressal of complaints pertaining to non-receipt of dividends, interests on debentures, redemption amount of Non Convertible Debentures / Partly Convertible Debentures redeemed etc.
- Any other related issue/s.
- 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.
- 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.

All the shares received for Transfer/ Transmission/ Transposition/ Split/ Consolidation etc. are processed and dispatched within the period not exceeding fifteen days and a half-yearly Certificate from a Practicing Company Secretary to that effect is being obtained pursuant to Listing Regulations.

The following table highlights the details of the complaints received during the F.Y. 2019-20 and their status as on date. It is further reported that as on 31-03-2020, there are no outstanding complaints pertaining to and received during the F.Y. 2019-20:

| | | |
|---|---|---|
| (a) | No. of complaints received from Shareholders/ Investors during the financial year 2019-2020. | 40 |
| (b) | No. of complaints not redressed to the satisfaction of shareholders / investors. | Nil |
| (c) | No. of applications received for transfers/ transmissions /transposition/deletion of shares during the financial year 2019-20. (IEPF 968 TM cases) | 1338 |
| (d) | No. of pending requests for share transfers, transmissions and transposition of shares as on 31-03-2020. | Nil |

As mandated by SEBI, the Quarterly Reconciliation of share capital Audit, highlighting the reconciliation of total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) vis-a-vis the total issued and listed capital is being carried out by the Practicing Company Secretary. This Audit confirms that the total issued and paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with the two depositories viz. the NSDL and CDSL.

As on 31st March, 2020 total 39, 02, 54, 037 Equity Shares of ₹ 2/- each representing 97.94% of the total no. of Shares were dematerialized.

4 **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:**

Pursuant to provisions of Section 135 of the Companies Act, 2013, Corporate Social Responsibility Committee of the Board consists of following members as on 31.03.2020:

- Shri Arvind Agarwal – (w.e.f.07.12.2019) Chairman, Non-Independent & Executive Director
- Shri D C Anjaria – Member - Independent & Non-executive Director
- Smt. Geeta Goradia – Member - Independent & Non-executive Director
- Shri Pankaj Joshi – (w.e.f. 21-12-2019) Non-Independent, Non-Executive Director
- Smt. Sunaina Tomar – (w.e.f. 04-01-2020) Non-Independent, Non-Executive Director

The Members of the CSR Committee approved CSR spending for the FY 19-20 on 26.03.2020. No physical meeting were held during the year under review in view of pandemic COVID-19.

The details of CSR Activities in the prescribed format forms the part of Directors' Report to shareholders.

5 **NOMINATION AND REMUNERATION COMMITTEE:**

Pursuant to provisions of Section 178 of the Companies Act, 2013 read with Listing Regulation, 'Nomination and Remuneration Committee' of the Board consists of following members as on 31.03.2020:

(1) Shri D. C. Anjaria, Chairman – Independent & Non-executive Director,

(2) Prof. Vasant Gandhi, Member – Independent & Non-executive Director,

(3) Smt. Geeta Goradia, Member – Independent & Non-executive Director,

(4) Shri Arvind Agarwal, Member – Non-Independent & Non-executive Director, (till 06.12.2019)

(5) Shri Pankaj Joshi, Member-Non Independent & Non-executive Director, (w.e.f. 21.12.2019)

(6) Smt. Sunaina Tomar, Member- Non Independent & Non executive Director, (w.e.f.04.01.2020)

(6) Shri Arvind Agarwal, Special Invitee-Non Independent & Executive Director, (w.e.f. 07.12.2019)

(7) Shri Sujit Gulati – Special Invitee –Non-Independent & Executive Director, (till 06.12.2019)

During the FY 2019-20, three meetings of the Committee were held i.e. on 21-05-2019, 24-12-2019, and 15-01-2020.

The details of Committee members and their attendance at the Committee meetings during the Financial Year 2019-20 are furnished below:

| Sr. No. | Name of the Members | No. of meetings held during the tenure of Directors | No. of Meetings Attended |
|---|---|---|---|
| 1 | Shri D C Anjaria(Chairman of the Committee) | 3 | 3 |
| 2 | Prof. Vasant Gandhi | 3 | 3 |
| 3 | Smt. Geeta Goradia | 3 | 1 |
| 4 | Shri Arvind Agarwal, IAS (w.e.f. 04-06-2018) | 3 | 2 |
| 5 | Shri Pankaj Joshi, IAS (w.e.f. 21.12.2019) | 1 | 1 |
| 6 | Smt. Sunaina Tomar, IAS(w.e.f.04.01.2020) | 1 | 1 |
| 7 | Shri Sujit Gulati, IAS (till 06.12.2019) | 1 | 1 |

Besides having access to all required information within the Company, the Committee may investigate any activity within its terms of reference, seek information from any employee, secure attendance of outsiders with relevant expertise, or obtain legal or other professional advice from external sources, whenever required. The Committee acts as a link amongst the Management and the Board of Directors. The Committee shall act in accordance with the terms of reference which shall, inter alia, include:

i. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, key managerial personnel and other employees;

ii. Formulation of criteria for evaluation of Independent Directors and the Board;

iii. Devising a policy on Board diversity;

iv. 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;

v. Evaluation of every Director's performance.

vi. Recommend to the board, all remuneration, in whatever form, payable to senior management.

The Policy on Nomination & Remuneration cum Board Diversity as approved is available at the website of the Company at http://www.gsfclimited.com/statu_comp.asp?mnuid=12.

- **Criteria for Nomination as per Nomination and Remuneration Policy:**

The Committee shall follow the procedure mentioned below for appointment of Director, Independent Director, KMP and Senior Management Personnel and recommend their appointments to the Board.

- The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.
- The Company should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Act, rules made there under, Listing Agreement or any other enactment for the time being in force.
- In case of the appointment of Independent Director, Independent Director should comply with the additional criteria of his / her independence as prescribed under the Act, rules framed there under and the Listing Agreement. For selection of Independent Director, the Company may use the data bank containing names, addresses and qualifications of persons who are eligible and willing to act as independent directors, maintained by anybody, institute or association, as may be notified by the Central Government, having expertise in creation and maintenance of such data bank.
- The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made there under, Listing Agreement or any other enactment for the time being in force.

**I. REMUNERATION:**

The Committee will recommend the remuneration to be paid to the Managing Director, Whole-time Director, KMP and Senior Management Personnel to the Board for their approval. The Committee shall ensure that:

- The level and composition of remuneration so determined shall be reasonable and sufficient to attract, retain and motivate Directors, Key Managerial Personnel and Senior Management of the quality required to run the company successfully;
- The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to Directors, KMP and Senior Management Personnel 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.

**A. Managing Director/ Whole-time Director(s):**

Besides the above criteria, the Remuneration/ compensation/ commission etc to be paid to Managing Director, Whole-time Director(s) etc shall be governed as per provisions of the Act read with Schedule V and rules made there under or any other enactment for the time being in force.

**B. Non-Executive Independent Directors:**

The Non-Executive Independent Directors may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof, reimbursement of expenses for participation in the Board and other meetings and profit related commission if so decided and approved by the Board/ Shareholders as per the provisions of the Act.

Provided that the amount of such fees shall not exceed the amount as prescribed under the Act read with the rules made there under or any other enactment for the time being in force. Further, independent director shall not be entitled to any stock option.

The Non-Executive Independent Directors may be paid remuneration for services rendered in any other capacity, like to serve as a member of Selection Committee for recruitment of Senior Management Personnel and/or any other specific assignment given by the Company from time to time. The remuneration paid for such services shall be subject to provisions of the Act and approval of the Nomination-cum-Remuneration Committee.

Provided that the payment of remuneration for services rendered by any such Director in other capacity shall not be included in the overall ceiling prescribed under the Act read with Schedule V and rules made there under, if –

(*a*) The services rendered are of a professional nature; and

(*b*) In the opinion of the Committee, the director possesses the requisite qualification for the practice of the profession.

**C. KMPs/ Senior Management Personnel etc.:**

The Remuneration to be paid to KMPs/ Senior Management Personnel shall be based on the experience, qualification and expertise of the related personnel and governed by the limits, if any, prescribed under the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

The requisite information as required in terms of provisions of Section 197 of the Companies Act, 2013 read with Rule 5 of Companies Rules, 2014 are mentioned below:

a. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;

**Submission: Not applicable, as the Directors are not paid any salary.**

b. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

**Submission: 5% for Grade II, 6% for Grade IC & ID and 7% for Grade IB and above rise in basic pay of all officers in the company in the financial year.**

c. The percentage increase in the median remuneration of employees in the financial year;

**Submission: 5% for Grade II, 6% for Grade IC & ID and 7% for Grade IB and above rise in basic pay of all officers in the company in the financial year.**

d. The number of permanent employees on the rolls of company;

**Submission: 3033 permanent employees are on the rolls of the company. (i.e. Vadodara Unit as on 31/03/2020).**

e. 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;

**Submission:5% for Grade II, 6% for Grade IC & ID and 7% for Grade IB and above rise in basic pay of all officers in the company in the financial year.**

f. Affirmation that the remuneration is as per the remuneration policy of the company.

**Submission: Yes**

The details as required under Section 197 read with Rule 5(3) of Companies (Payment and Remuneration of Managerial Personnel) Rules, 2014 is provided below and records thereof are also available for inspection at the Registered Office of the Company on any working day during business hours. All the below mentioned employees are permanent employees and none of them are holding any equity shares of the Company and also that none of them are relative of the Directors.

| SN | Name | Position & Department | Grade | Date Of Joining | Date Of Birth | Qualification | Age | Experience Yrs. | Prev. Exp. |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Vishvesh Dineshchandra Nanavaty | ED(Finance) & CFO, Finance Department | 0E | 21/03/2002 | 13/05/1964 | B. Com., Cost Accountant (ICWA), Chartered Accountant (CA), Comp Secretary (CS) | 56 | 17 | 13 |
| 2 | Vishvesh Vyomesh Vachhrajani | CS & Senior vice President (Legal), Secretarial & Legal Department | 1A | 01/10/2013 | 01/10/1969 | B. COM., Co. Secretary, L.L.B. | 50 | 5.7 | 22 |
| 3 | Surendra Prasad Yadav | ED (Agri Business) | 0E | 31/03/2014 | 01/06/1962 | M.SC. Agronomy , M.B.A. Marketing | 58 | 6 | 27 |
| 4 | Mukeshkumar Dahyalal Patel | Vice President (FMU) | 1B | 12/12/2014 | 01/03/1961 | M.B.B.S. , M.D. Medicine | 59 | 5 | 19 |
| 5 | Gopal Ambalal Patel | VP (Mechanical) | 1B | 11/04/1988 | 01/09/1962 | New S.S.C. Science , DIP Mechanical Mathematics , B.E. Mechanical | 58 | 32 | |
| 6 | Dilipkumar Bhikhabhai Shah | ED(OP-II) | 0E | 19/12/1986 | 12/01/1962 | B.E. Chemical , P.G.Diploma Finance Mgt , P.G.Diploma Management | 58 | 32 | 0 |
| 7 | Bimal Bhupatbhai Bhayani | ED(OP-I) | 0E | 28/01/1986 | 19/09/1962 | H.S.C.(10 + 2) Chem/Physics , B.E. Chemical Engg , Cert. Course Computer Progm | 58 | 34 | |
| 8 | Ashok Kumar Jauhari | SVP (IP) | 1A | 01/09/1986 | 29/05/1963 | High School Mathematics, B. SC. Chem/Physics, B.Tech. Plastics , P.G.Diploma Mktg& Sales Mgt | 57 | 33 | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 9 | Milind Madhusudan Tare | VP (I&M BUREAU)&DY MR | 1B | 27/01/1985 | 11/11/1959 | M.Tech Chem | 61 | 34 | |
| 10 | Sharad Chandrakant Bhatt | VP (Inst BU & PU) | 1B | 01/03/1983 | 20/08/1959 | B.E.Inst.& Control | 61 | 36 | |

If employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two Lakh rupees.

**Submission**: Nil

If employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight Lakh fifty thousand rupees per month.

**Submission**: Nil

If employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.

**Submission**: Number of employees received remuneration in excess of that drawn by the managing director, in the aggregate -Nil

➢ **Performance evaluation:**

Pursuant to the provisions of the Companies Act, 2013 and the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the directors individually as well as the evaluation of its committees. The performance evaluation of the Independent directors was carried out by the entire board. The performance evaluation of the chairman and the non independent directors was carried out by the independent directors.

**6 RISK MANAGEMENT COMMITTEE:**

Business Risk and Management is an ongoing process within the organization. The Company has a risk management framework to identify, monitor and minimize risks as also identify business opportunities.

Within its overall scope as aforesaid, the Committee shall review risks trends, exposure, potential impact analysis and mitigation plan. The Board has voluntarily constituted the Risk Management Committee which have delegated the monitoring and reviewing of the risk management plan to the Committee and such other functions as it may deem fit.

The Objective and scope of the Risk Management Committee broadly comprises:

➢ Oversight of risk management performed by the executive management;

➢ Reviewing the BRM policy and framework in line with local legal requirements and SEBI guidelines;

➢ Reviewing risks and evaluate treatment including initiating mitigation and reporting of risks.

Effective from 01-04-2019 the recommendations of the Kotak Committee have become applicable to the Company and accordingly, the Company should have a policy on Risk Management including Cyber Security in place and at the same time it is also to be decided by the Board about the periodicity of reporting on the Risk Management and Cyber Security. The Policy on Risk Management was approved by the Board of Directors upon recommendation by the Risk Management Committee.

During the year 2019-20, meeting of Risk Management Committee was held on 21.03.2020.

The details of Committee members and their attendance at the Committee meetings during the Financial Year 2019-20 are furnished below:

| Sr. No. | Name of the Members | No. of meetings held during the tenure of Directors | No. of Meetings Attended |
|---|---|---|---|
| 1 | Shri Arvind Agarwal, IAS | 1 | 1 |
| 2 | Shri D C Anjaria | 1 | 1 |
| 3 | Smt. Geeta Goradia | 1 | 0 |
| 4 | Smt. Sunaina Tomar, IAS | 1 | 0 |

The risk document containing Key and Non-Key risks including way forward for mitigation thereof, as approved by the Risk Management Committee, is also reviewed by the Audit Committee and the Board of Directors periodically.

## 7 GENERAL BODY MEETINGS

- Date & Venue of the last three Annual General Meetings :

| Particular / Meetings | 57th AGM | 56th AGM | 55th AGM |
|---|---|---|---|
| Date | September 27, 2019 | September 28, 2018 | September 16, 2017 |
| Start Timing | 03.30 PM | 03.30 PM | 03.30 PM |
| Venue | Cultural Center Auditorium situated atP. O. Fertilizernagar – 391750, Dist. Vadodara (Registered Office of the Company) | | |

- No 'Extraordinary General Meeting' was held during the last three years.
- No postal ballot was conducted in aforesaid meetings.
- At the forthcoming 'Annual General Meeting' there is no item on the agenda requiring postal ballot.
- One special resolution pertaining to appointment of Shri Vijai Kapoor as Independent Director in terms of Regulation 17(1A) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 was passed at 57th Annual General Meeting with requisite majority.

## 8 DISCLOSURES

There are no materially significant related party transactions made by the Company with its Promoters, Directors, or Management, their subsidiaries or relatives etc. which may have potential conflict with the interest of the Company at large. An adequate disclosure regarding related party transactions is contained in the Annual Accounts of the Company in Note No. 40 which forms a part of this Annual Report.

***There are no non compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years.***

The Company complies with all the mandatory requirements of the Regulation 17 to 27 & Clause (b) to (i) of Sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on Code of Corporate Governance. The Board of Directors has approved the Code of Conduct and Ethics for the Directors and the Senior Management of the Company.

- ***CEO CERTIFICATION:***

  The Managing Director (CEO) of the Company has certified the compliance of Code of Conduct in respect of the Financial Year 2019-20 by the Board Members & Senior Management and the said certificate forms part of this report.

  Statutory Compliance of all applicable Laws is being made by the Company and is reported to the Board in its every meeting. Further in preparation of the financial statements, all those Accounting Standards that are applicable have been complied with by the Company.

- **Vigil mechanism:**

  The Company has a vigil mechanism policy to deal with instances of fraud and mismanagement, if any. The said policy is placed on the website of the company at web link:

  http://www.gsfclimited.com/statu_comp.asp?mnuid=12.

  The Company has in place an anti harassment policy in line with the requirements of the Act. Internal Complaint Committee is set up to redress complaints received regularly and are monitored by women supervisors who directly reports to the Managing Director. All employees (permanent, contractual, temporary, trainees) are covered under the policy. There were no complaints received from any employee during the financial year 2019-20 and hence no complaints is outstanding as on 31.03.2020 for redressal. No personnel were denied access to the Audit Committee of the Company.

- **Board Training and induction:**

  At the time of appointing an independent director, a formal letter of appointment is given to them, which inter alia explains the role, functions, duties and responsibilities expected of him as a director of the company. The Director is also explained in detail the compliances required from him under the Companies Act, 2013 as well as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other relevant regulations and his affirmation taken with respect to the same.

  By way of introduction to the Company, the Director is presented with a book of product profile, its history and growth trajectory ever since its inception, Companies Promoted and other relevant information. Further, with a view to familiarize the new director with the Company's operations, the director is also given a CD of corporate film explaining the organizational set up of the Company, Company's market share and shareholding pattern of the Company, its investments etc.

- **Independent Directors' Meeting**

  During the year under review, the Independent Directors met on 21.05.2019, inter alia, to discuss:

- Evaluation of the performance of non–independent directors and the Board 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 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.

The familiarisation programme in line with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was arranged for the Independent Directors on 21.05.2019 by way of presentation/ agenda, where in they were provided with the guidelines of their duties, roles, responsibilities etc.

➢ **Subsidiary Company (GSFC Agrotech Limited):**

The Company does not have any material subsidiary whose net worth exceeds 10% of the consolidated net worth of the holding company in the immediately preceding accounting year or has generated 10% of the consolidated income of the company during the previous financial year. Accordingly, the policy on material subsidiaries has not been formulated.

The Audited Annual Financial Statements of subsidiary company was tabled at Audit Committee and Board Meetings. The board periodically takes note of the minutes of the meetings of the subsidiary company.

The following are the policies/details that are required to be placed on the Company's website as required under the provisions of the Companies Act, 2013 and Listing Regulations. The following web-link can be clicked/used to access those policies/details;

http://www.gsfclimited.com/statu_comp.asp?mnuid=12.

1. Vigil Mechanism/Whistle Blower Policy
2. Terms of Appointment of Independent Director
3. Policy for Evaluation of Board Performance
4. Nomination & Remuneration -cum–Board Diversity Policy
5. Code of Conduct
6. Corporate Social Responsibilities (CSR) Policy
7. Policy on materiality of Related Party Transactions and dealing with Related Party Transactions
8. Code of conduct – SEBI (Prohibition of Insider Trading) Regulations, 2015
9. Familiarization programme of Independent Directors
10. 58th AGM e-voting process & Book Closure Notice
11. Notice of 58th Annual General Meeting
12. Authority to KMP to determine materiality of event
13. List of GSFC committees
14. Policy on determining materiality of event or information
15. Policy on preservation of documents
16. Stock Exchange Submission File
17. Press Clippings'
18. Dividend Distribution Policy
19. Risk Management Policy

**9 MEANS OF COMMUNICATION:**

Apart from furnishing the copies of the Unaudited Quarterly & Half Yearly Results and Audited Annual results to all the Stock Exchanges where the shares of the Company are listed, the Company also publishes the results in leading English newspaper and vernacular language newspaper viz. Business Standard all Editions and Vadodara Edition of Sandesh/ Divaya Bhaskar/ Gujarat Samachar.

The Company's financial results are timely sent to the Stock Exchanges so that they are available on their website. The financial results of the Company and other information pertaining to the Company are available on the Company's website *www.gsfclimited.com*. The Company also supplies copies of its financial results to the investors free of cost, if requested for, and simultaneously they are also available on the Company's website. The Management Discussion & Analysis Report shall form as a part of the Directors' Report to shareholders.

The Company has voluntarily adopted the procedure of getting the Compliance of Code on Corporate Governance audited on quarterly basis besides annually as required under Listing Regulations and a Certificate to that effect together with the quarterly compliance report has been submitted to Stock Exchange(s) as follows:

| Report for the quarter ended | Date of submission to Stock Exchange(s) |
|---|---|
| 30-06-2019 | 06-08-2019 |
| 30-09-2019 | 24-10-2019 |
| 31-12-2019 | 30-01-2020 |
| 31-03-2020 | 18-06-2020 |

As required by the Listing Regulations, the Company has designated an email account specifically for investor service and the same is displayed on the website of the Company. Investors may lodge their complaints at: ***vishvesh@gsfcltd.com***.

## 10 GENERAL SHAREHOLDER INFORMATION

**a) *Annual General Meeting:***

As is indicated in the Notice convening the 58th Annual General Meeting of the Company will be held on 30th day of September, 2020 at 10:30 AM. through video conferencing ("VC") / other audio visual means ("OAVM").

**b) *Financial Calendar:***

The Financial Year of the Company is from 1st April to 31st March. The tentative financial calendar is given below:

| | |
|---|---|
| Unaudited Results for Quarter ending June 30, 2020 | Latest by 14th August, 2020 |
| Unaudited Results for Quarter ending September 30, 2020 | Latest by 14th November, 2020 |
| Unaudited Results for Quarter ending December 31, 2020 | Latest by 14th February, 2021 |

Audited Results for Quarter/ Year ending March 31, 2021 Latest by 30th May, 2021

**c) Book Closure Date:**

The Register of Members of the Company shall remain closed from 16th September, 2020 to 30th September, 2020. (Both days inclusive).

**d) Dividend payment date:**

Dividend shall be paid on and after 12th October, 2020.

**e) (i) Listing of Equity Shares:**

The Equity Shares of the Company are listed on the following stock exchanges:

| Sr. No. | Name & Address of the Exchange | Scrip Code |
|---|---|---|
| 01 | BSE Limited1st Floor, New Trading Ring<br>Rotunda Bldg., P.J.Towers, Dalal Street<br>Fort, MUMBAI - 400 001 | 500690 |
| 02 | National Stock Exchange of India Limited'<br>Exchange Plaza', C/1, Block G Bandra-Kurla Complex<br>Bandra (East), MUMBAI - 400 051 | GSFC – EQ |

An application for delisting of Equity Shares from Calcutta Stock Exchange (CSE) has been made to CSE and their approval is yet not received. The Annual Listing Fees in respect of BSE Limited and National Stock Exchange of India Limited for the F.Y. 2020-21 has been paid by the Company.

**(ii) Demat ISIN No. in NSDL & CDSL for Equity shares: *INE026A01025*.**

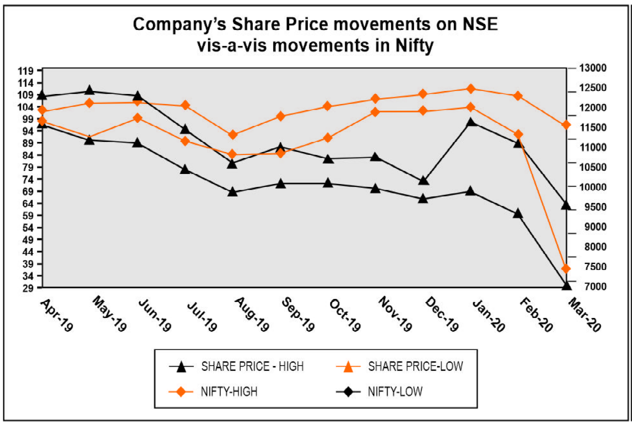
**(iii) Corporate Identification Number (CIN): *L99999GJ1962PLC001121*.**

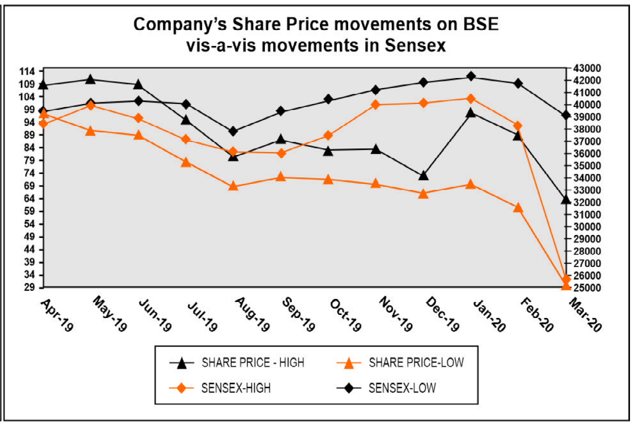
**(iv) Stock Market Data :–**

High - Low share price performance in comparison to broad-based indices – BSE Sensex and NSE Nifty:

| Month & year | BSE | | | | NSE | | | |
|---|---|---|---|---|---|---|---|---|
| | Sensex | | GSFC's Share Price (₹) | | Nifty | | GSFC's Share Price (₹) | |
| | High | Low | High | Low | High | Low | High | Low |
| **Apr-19** | 39487.45 | 38460.25 | 108.50 | 97.25 | 11856.15 | 11549.10 | 108.70 | 97.20 |
| **May-19** | 40124.96 | 39956.10 | 110.70 | 90.45 | 12041.15 | 11108.30 | 110.65 | 90.30 |
| **Jun-19** | 40312.07 | 38870.96 | 108.90 | 88.80 | 12103.05 | 11625.10 | 108.50 | 89.10 |
| **Jul-19** | 40032.41 | 37128.26 | 94.80 | 78.20 | 11981.75 | 10999.40 | 94.80 | 78.10 |
| **Aug-19** | 37807.55 | 36102.35 | 80.50 | 68.50 | 11181.45 | 10637.15 | 80.50 | 68.50 |
| **Sep-19** | 39441.12 | 35987.80 | 87.25 | 72.30 | 11694.85 | 10670.25 | 87.25 | 72.20 |
| **Oct-19** | 40392.22 | 37415.83 | 82.45 | 71.55 | 11945.00 | 11090.15 | 82.40 | 72.50 |
| **Nov-19** | 41163.79 | 40014.23 | 83.25 | 70.00 | 12158.80 | 11802.65 | 83.30 | 70.05 |
| **Dec-19** | 41809.96 | 40135.37 | 72.90 | 65.95 | 12293.90 | 11832.30 | 73.65 | 66.00 |
| **Jan-20** | 42273.87 | 40476.55 | 97.70 | 69.60 | 12430.50 | 11929.60 | 97.80 | 69.35 |
| **Feb-20** | 41709.30 | 38219.97 | 88.75 | 60.50 | 12246.70 | 11175.05 | 88.80 | 60.10 |
| **Mar-20** | 39083.17 | 25638.90 | 63.45 | 29.90 | 11433.00 | 7511.10 | 63.30 | 29.80 |

*The graphical presentations shall be presented at the time of printing of annual report which will depict the movement of monthly high/ low share prices of the Company's Shares on BSE and NSE vis-à-vis the movements in the Sensex and Nifty during the period from April 2019 to March 2020.*




**(f) Share Transfer System and Registrars & Share Transfer Agents of the Company:**

The entire share transfer process, physical as well as dematerialized, is being handled by the Company's Registrar and Transfer Agents viz. **Link Intime India Pvt. Ltd.,** ***situated at B – 102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara – 390 020***. Share Transfer in physical form can be lodged (objection cases) either with the Registrars & Transfer Agents ***OR*** at the Registered Office of the Company. Share Transfer requests received are attended within a fortnight. All requests for de-materialization / re-materialization of shares are processed and confirmation is sent to the depositories by the Registrars & Share Transfer Agents of the Company generally within 10 days from the date of the receipt thereof.

The Company's representatives regularly visit the office of the Registrar and Share Transfer Agents to monitor, supervise and ensure that there are no unusual delays or lapses in the system.

**(g) Distribution of Shareholding as on 31st March, 2020:**

***Pattern of Shareholding (Category wise):***

| Category | No. of Shares | % to Total Capital |
|---|---|---|
| Promoter: Gujarat State Investments Limited | 15,07,99,905 | 37.84 |
| Public Financial Institutions, Insurance Companies & Mutual Fund | 4,84,87,411 | 12.17 |
| Companies & Banks | 11,41,76,693 | 28.65 |
| Individuals, Co-operative Societies & Co-operative Banks | 8,50,13,521 | 21.34 |
| **Total** | **39,84,77,530** | **100.00** |

***Pattern of Shareholding (Shareholding wise):***

| Category (No. of Shares) From To | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| Upto 500 Shares | **109617** | **82.27** | **15523462** | **3.90** |
| 501 – 1000 | **11193** | **8.40** | **8984076** | **2.25** |
| 1001 – 2000 | **6443** | **4.83** | **9704565** | **2.44** |
| 2001 – 3000 | **2192** | **1.64** | **5557983** | **1.39** |
| 3001 – 4000 | **935** | **0.70** | **3347380** | **0.84** |
| 4001 – 5000 | **816** | **0.61** | **3879984** | **0.97** |
| 5001 – 10000 | **1122** | **0.84** | **8213461** | **2.06** |
| 10001 and above | **913** | **0.68** | **343266619** | **86.15** |
| **Total** | **133231** | **100.00** | **398477530** | **100.00** |

**(h) Unclaimed Shares:**

The Company has transferred the Unclaimed/Undelivered Equity Shares in terms of Schedule VI of the SEBI (LODR) Regulations 2015 into "Demat Suspense Account" opened for the purpose pursuant to SEBI Circular dated 16-12-2010. The details of Unclaimed/Undelivered Shares in the "Demat Suspense Account as on 31st March, 2020 is as follows:-

| Sr. No. | Description | No. of Shareholder/s | No. of Shares |
|---|---|---|---|
| i) | Aggregate number of shareholding and the outstanding shares in the Unclaimed Suspense Account at the beginning of the year, i.e. April 1, 2019. | 223 | 18110 |
| ii) | Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year 2019-2020. | - | - |
| iii) | Number of Shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year 2019-2020. | - | - |
| iv) | Number of Shareholders whose shares were transferred from the Unclaimed Suspense Account to the IEPF Authority during the year 2019-2020 | 5 | 135 |
| v) | Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year i.e. March 31, 2020. | 218 | 17975 |

The Voting rights in respect of the said shares will be frozen.

- No pledge has been created over the Equity Shares held by the Promoters as on March 31, 2020.
- 97.94% of the Equity Shares have been dematerialized till 31/03/2020. The Company's Equity Shares are to be compulsorily dealt in dematerialized form since 26/06/2000 and the ISIN no. of the Company's Equity Share is *INE026A01025*.
- The Company has paid the Annual Custody Charges to National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) for the year 2019-20.
- Dividend @ **1.20 per share of ₹ 2/- each** has been recommended by the Board of Directors on the Equity Shares which shall be paid/ distributed on or after 12th October, 2020 upon its approval by the Shareholders in the ensuing 58th Annual General Meeting.
- The Company has paid ₹ 23.07 lakhs as total audit fees for all services by the statutory auditor in terms of Schedule V(C)-10(k)of SEBI LODR.
- The Company has not raised funds raised through preferential allotment or qualified institutions placement, therefore, disclosure in terms of Regulation 32 (7A)- read with Schedule V(C)-10(h)is not applicable to the Company;

- The Company has obtained as a certificate from Shri Niraj Trivedi, Practicing Company Secretary to the effect 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 in terms of Schedule V(E) of SEBI LODR;
- The Board has accepted all the recommendations of all its committees, during the financial year in terms of Schedule V(C)-9(n)of SEBI LODR.
- The Company is not currently involved in commodity hedging activity.
- **Unit-wise Plant locations :**

  The Company's Units are located as follows:

| | | | |
|---|---|---|---|
| Baroda Unit | Fertilizernagar – 391 750, Dist. Vadodara. | Polymers Unit | Nandesari GIDC, Dist. Vadodara. |
| Fibre Unit | Kuwarda, Dist. Surat. | Sikka Unit | Moti Khawdi, Dist. Jamnagar |

**(j) Address for Correspondence:**

The shareholders may send their communications at the registered office of the Company at the following address:

Company Secretary & Sr. Vice President (Legal)

Gujarat State Fertilizers & Chemicals Limited, Fertilizernagar - 391750, Dist. Vadodara

Tel Nos. 0265-2242451/2242651/2242751, Fax Nos.0265-2240966/2240119

**Email: vishvesh@gsfcltd.com. Website: www.gsfclimited.com**

***Or***

Registrars & Transfer Agents for Equity Shares of the Company:

R&T Name & Address: **Link Intime India Pvt. Limited,** B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara - 390 020.

Tel No: +91 265 2356573/2356794 E-mail id: vadodara@linkintime.co.in

Website: www.linkintime.co.in

R&T HO Address: Link Intime India Pvt Limited, C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083, Tel No : +91 22 49186270

**(k) List of all credit ratings obtained by the Company during the Financial Year 2019-20**

| Credit Rating | Issuing Agency | Facilities |
|---|---|---|
| CARE AA+ | CARE Ratings | Long Term Bank Facilities |
| IND AA+ | India Ratings & Research | Long Term Bank Facilities |
| CARE A1+ | CARE Ratings | Short Term Bank Facilities |
| IND A1+ | India Ratings & Research | Short Term Bank Facilities |

**Sub: Affirmation of compliance with the Code of Conduct by all Board Members & Sr. Management of the Company for the Financial Year 2019-20.**

Based on the confirmations received from Board Members & Members of Sr. Management of the Company, I hereby affirm that all the Board Members & Members of Sr. Management of the Company have complied with the Code of Conduct as approved by the Board of Directors of the Company for the Financial Year 2019-20.

Sd/-
Shri Arvind Agarwal,
Chairman & Managing Director

Date : 4th August, 2020
Place : Fertilizernagar.

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members of
**GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED**
**(CIN: L99999GJ1962PLC001121)**
P. O. Fertilizernagar,
Vadodara – 391 750.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Gujarat State Fertilizers & Chemicals Limited having CIN: L99999GJ192PLC001121 and having Registered Office at P.O. Fertilizernagar, Vadodara – 391 750 (Hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with the Regulation 34 (3) read with Schedule V Para C Clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my 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 me by the Company and its officers and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID – 19 pandemic, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020, have been debarred or disqualified from being appointed or continuing as the Directors of the Companies, by Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA) or any such other Statutory Authority:-

| Sr. No. | Name of the Directors | DIN | Date of Appointment* |
|---|---|---|---|
| 1 | Ajay Shah Narottam | 01141239 | 15/07/2006 |
| 2 | Vasant Pakash Gandhi | 00863653 | 15/07/2006 |
| 3 | Vijai Kumar Kapoor | 01084371 | 15/07/2006 |
| 4 | Divyabhash Chandrakant Anjaria | 00008639 | 22/09/2006 |
| 5 | Geeta Amit Goradia | 00074343 | 08/08/2014 |
| 6 | Arvind Motilal Agarwal | 00122921 | 04/06/2018 |
| 7 | Pankaj Harishchandra Joshi | 01532892 | 23/09/2019 |
| 8 | Sunaina Tomar | 03435543 | 04/01/2020 |

* The date of appointment is as per the MCA Portal.

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

DATE : 04TH AUGUST, 2020
PLACE : VADODARA

SIGNATURE : Sd/-
NAME OF PCS : NIRAJ TRIVEDI
FCS : 3844
C. P. NO. : 3123
UDIN : F003844B000547332

## CORPORATE GOVERNANCE CERTIFICATE

**(For the Financial Year ended March 31, 2020 pursuant to Schedule-V – part E of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015)**

**To the Members**

**Gujarat State Fertilizers & Chemicals Limited**

We have examined the compliance of the conditions of Corporate Governance by GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED for the year ended March 31, 2020 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) (Listing Regulations).

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

In our opinion and to the best of our information and according to the explanations given to us, and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 Pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

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

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

Sd/-
**Suresh Kumar Kabra**
Partner

**Samdani Kabra & Asso.**
Company Secretaries
ACS No 9711; CP No. 9927
UDIN: A009711B000548128

Place : Vadodara
Date : August 04, 2020

## FINANCIAL HIGHLIGHTS OF TEN YEARS

| PARTICULARS | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| **OPERATING RESULTS** | | | | | | | | | | (₹ in Crores) |
| GROSS INCOME | **7730** | 8679 | 6404 | 5477 | 6326 | 5563 | 5671 | 6486 | 5464 | 4856 |
| GROSS PROFIT | **297** | 791 | 610 | 478 | 694 | 675 | 640 | 900 | 1276 | 1259 |
| DEPRECIATION | **170** | 126 | 119 | 103 | 97 | 101 | 145 | 132 | 129 | 147 |
| EXCEPTIONAL ITEMS | **0** | 0 | 0 | - | - | - | - | - | -34 | - |
| PROFIT/(LOSS) BEFORE TAX | **127** | 665 | 491 | 375 | 597 | 574 | 495 | 768 | 1113 | 1112 |
| TAX | **28** | 171 | 15 | -45 | 188 | 173 | 153 | 250 | 356 | 363 |
| PROFIT/(LOSS) AFTER TAX | **99** | 494 | 476 | 420 | 409 | 401 | 342 | 518 | 758 | 749 |
| DIVIDEND | **88** | 88 | 88 | 88 | 88 | 88 | 80 | 80 | 60 | 56 |
| DIVIDEND TAX | **18** | 18 | 18 | 18 | 18 | 18 | 13 | 13 | 10 | 9 |
| **AMOUNT PER SHARE (RUPEES)*** | | | | | | | | | | |
| SALES | **191** | 215 | 158 | 137 | 159 | 134 | 136 | 157 | 665 | 597 |
| EARNING | **2** | 12 | 12 | 11 | 10 | 10 | 9 | 13 | 95 | 94 |
| CASH EARNING | **7** | 17 | 14 | 11 | 12 | 13 | 12 | 16 | 117 | 119 |
| EQUITY DIVIDEND | **1.2** | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 | 2 | 2 | 7.5 | 7 |
| BOOK VALUE | **171** | 182 | 182 | 165 | 122 | 112 | 107 | 99 | 441 | 355 |
| MARKET PRICE: | | | | | | | | | | |
| HIGH | **111** | 138 | 166 | 132 | 91 | 125 | 63 | 91 | 504 | 413 |
| LOW | **30** | 86 | 113 | 64 | 57 | 53 | 44 | 55 | 322 | 215 |

* Per share figures for F.Y. 2012-13 to 2019-20 are based on face value of ₹ 2/- for remaining years figures are based on face value of ₹ 10/-

\# Figure from 2015-16 are as per IND AS

# Independent Auditors' Report

## TO THE MEMBERS OF GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

### Report on the Audit of the Standalone Financial Statements

**Auditor's Opinion**

We have audited the accompanying standalone financial statements of **Gujarat State Fertilizers & Chemicals Limited** ("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss (including Other Comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, on that date and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "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 ("the Act") Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind As") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, profit, total 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 (ICAI) together with the independence 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 ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Emphasis of Matter**

We draw attention to Note no. 48 to the standalone financial statement, to assess the recoverability of certain receivables and investments, the management has considered internal and external information upto the date of approval of the standalone financial statement and economic forecasts. Based on current indicators of future economic conditions, management expects to recover the carrying amount of these assets. The actual impact of global health pandemic may be different from that estimated as at the date of approval of the standalone financial statement and management will continue to closely monitor any material changes to future economic conditions.

Our opinion is not modified in respect of this matter.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Key Audit Matter | Auditor's Response |
|---|---|
| ***Evaluation of uncertain tax positions:*** | ***Principal Audit Procedures*** |
| The Company has material uncertain tax positions for liability of ₹ 31,044.76 Lakhs including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Notes 38 to the Standalone Financial Statements. | We evaluated the related accounting policy for provisioning for tax exposures and found it to be appropriate. We have obtained details of completed tax assessments and demands upto the year ended March 31, 2020 from management. We evaluated auditee's response / opinion taken from various tax experts by auditee to challenge the underlying assumptions in estimating the tax provision and the possible outcome of the disputes. We also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect |

| Key Audit Matter | Auditor's Response |
|---|---|
| | of new information in respect of uncertain tax positions as at March 31, 2020 to evaluate whether any change was required to management's position on these uncertainties. From the evidence obtained and in the context of the financial statements, taken as a whole, we consider the provisions in relation to uncertain tax positions as at 31 March 2020 to be appropriate. |
| ***Impairment of property, plant and equipment:*** Company has discontinued its operations at Fiber & Polymer unit due to non-viability of its products. Gross block of the assets of the Fiber & Polymer unit and it's carrying value as on 31st March 2020 works out to ₹ 26,475.38 Lakhs & ₹ 6,215.03 Lakhs. Further, methanol plant having Gross Block and carrying value as on 31st March 2020, of ₹ 27,537.13 Lakhs & ₹ 19,717.35 Lakhs is not in operation since last 3 to 4 years. We have considered this issue to be a key audit matter because the analysis performed by management requires the use of complex estimates and judgments regarding the future earnings performances \ recoverable amount of the CGUs to which the aforementioned assets belong. | ***Principal Audit Procedures*** We evaluated the management's various viable proposals, impairment calculations, assessing the net recoverable value of the CGU used in the models, and the process by which they were drawn up, including comparing them to the latest circle rates of the Land, and testing the underlying calculations. Based on our audit procedures, we found management's assessment in determining the carrying value of the property, plant and equipment of Fiber & Polymer unit and Methanol Plant to be reasonable. Refer Note 49 (i) & (iv) to the Standalone Financial Statements. |
| ***Fair Value assessment of subsidy receivables from Government:*** Government Subsidy Receivable forms a significant part of the Company's assets, amounting to ₹ 1,83,104.24 Lakhs as at March 31, 2020. Given the size of the subsidy balance relative to the total assets of the company and the estimates and judgements described in Note 12 to the Standalone Financial statements, the fair value assessment requires significant audit attention. | ***Principal Audit Procedures*** Our audit procedure includes review of subsidy receivable from Department of Fertilizer (i.e. sovereign Authority) is backed by the approved claims generated from MFMS (Mobile Fertilizer Management System). Subsidy income recognised and remained outstanding over significant period are discussed / enquired with management based on follow-up with Department of Fertilizers, Government of India including basis of management judgement and realisation certainty thereof. Based on the above procedures performed, the management's assessment of implications of government notifications / policies on recognition of subsidy revenue and the recoverability were considered to be reasonable. |
| ***Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard):*** Company manufactures and sells a number of fertilizer and chemical products to its customers, mainly through its own distribution network. Sales contracts specifically w.r.t Bill and Hold transaction contains constructive obligation for transfer of control to the buyer. As per the terms of the contract with the customers, company use to | ***Principal Audit Procedures*** Our audit procedure focused on transactions occurring within proximity of the year end in the Fertilizer segment, obtaining evidence to support the appropriate timing of revenue recognition based on terms and conditions set out in sales contracts, delivery documents and dealers' confirmation. |

| | |
|---|---|
| recognize the sale based on the invoicing and considering the transfer of control and other criteria set out in para B81 of Ind AS 115. Refer Notes 46 to the Standalone Financial Statements. | |
| ***Recognition / de-recognition and measurement of Urea Subsidy Income***<br>Revenue from concession receivable from the Government of India ('GOI') is recognized when control of the products has transferred to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Concessions in respect of urea, as notified under the New Pricing Scheme, is recognized with adjustments for escalation/de-escalation in the prices of inputs and other adjustments, as estimated by the management in accordance with the known policy parameters in this regard.<br>During the current year, company has recognized Urea subsidy income of aggregating to ₹ 78,139.02 Lakhs. Considering significant estimates involved, as mentioned above, revenue and profit may deviate on account of change in such judgements and estimates. | ***<u>Principal Audit Procedures</u>***<br>Our audit procedure includes:<br>• We assessed design, implementation and operative effectiveness of management's key internal controls over revenue recognition.<br>• We performed test of details, on a sample basis and evaluated the underlying documents relating to urea concession income.<br>• We read relevant notifications issued by the GOI and discussed with the management, to understand the underlying matters and basis for management judgement and estimates including necessary changes made in estimates to address variations noted in past.<br>• We reviewed the calculation of urea concession income including escalation / de-escalation adjustments as per known policy parameters in this regard.<br>• We assessed the disclosures in the financial statements in this regard. |

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report and Annexure to Board's Report, but does not include the financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

**Management's Responsibility for the Standalone Financial Statement**

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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, 2016 (“the Order”), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **“Annexure A”**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive income, the statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in **“Annexure B”.**

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

   In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration has been paid by the company to its directors during the year is in accordance with provisions of Section 197 of the Act.

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note no 38 to the financial statements;

   ii. Provision has been made in the financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

   iii. There were no amounts which were required to be transferred to the investor’s education and protection fund by the company.

**For T R Chadha & Co LLP**
Firm’s Reg. No-: 006711N/N500028
Chartered Accountants

**Brijesh Thakkar**
Partner
Membership No-135556
UDIN : 20135556AAAADM5404

Place : Ahmedabad
Date : 18th June, 2020

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

### ANNEXURE "A" TO INDEPENDENT AUDITORS' REPORT FOR THE PERIOD ENDED MARCH 2020

**(Referred to in Paragraph 1 under the Heading of "Report on Other Legal and Regulatory Requirements" section of our Report of even date)**

**(i) Fixed Assets**

a) The Company has maintained proper records showing full particulars including quantitative details and situtation of fixed assets.

b) The fixed assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size & nature of the company. No material discrepancies were noted on such verification.

c) According to the information and explanations given to us and the records examined by us and based on the examination of registed sales deed/trasnfer deed/latter of award provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings are held in the name of the Company as at the balance sheet date.

**(ii) Inventories**

As explained to us, the inventories, except goods-in-transit, were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

**(iii) Loans given**

According to Information and explanations given to us, the Company has not granted any Secured or unsecured loan to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Hence reporting under clause 3 (iii) (a), (b) and (c) does not arise.

**(iv) Compliance of Sec. 185 & 186**

In our openion and according to the information and explanations given to us, the compnay has complied with the provisions of sections 185 & 186 of the companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

**(v) Public Deposit**

According to Information and explanations given to us, the company has not accepted any deposits from the public during the year and in respect of unclaimed deposits, the company has complied with the proviosn of section 73 to 76 or any other relevent provisons of the copmanies Act, 2013.

**(vi) Cost Records**

The company is maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act in respect of service carried out by the company. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

**(vii) Statutory Dues**

According to the information and explanations given to us, in respect of statutory dues:

a) The Company has generally been regular in depositing its undisputed statutory dues including Provident Fund, Income-tax, Goods and Service Tax, Customs duty, cess and other material statutory dues applicable to it to the appropriate authorities.

b) No undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2020 for a period of more than six months from the date they became payable.

c) Detail of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on 31 March, 2020 on account of disputes are given below:

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT *(Contd...)*

| Name of Statute | Nature of Dues | Forum where dispute is pending | Period/between various periods to which the amount relates | Amount involved (excluding interest and penalty ₹ in Lakhs) | Amount unpaid (excluding interest and penalty ₹ in Lakhs) |
|---|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | Assessing Officer | FY 2016-17 | 1.68 | 1.68 |
| | | Commissioner (Appeals) | FY 2009-10 & FY 2015-16 | 650.87 | 419.65 |
| Central Excise Act, 1994 | Excise Duty | High Court- Ahmedabad-HO | FY 1986-89 FY 2011-2015 | 6,936.92 | 6,911.92 |
| | | CESTAT-HO | FY 2009-12 FY 2013-17 | 386.19 | 357.57 |
| | | Commissioner-Appeals | FY 1991-95 | 80.20 | 80.20 |
| Customs Act,1962 | Custom Duty | CESTAT | FY 2017-18 | 1,357.03 | 1,357.03 |
| | | Commissioner-Appeals | FY 2016-17 | 9.36 | 8.66 |
| Finance Act, 1994 | Service Tax | Commissioner-Appeals | FY 2013-17 | 162.65 | 150.45 |
| | | Supreme Court | FY 2010-13 | 11.51 | 10.36 |
| | | CESTAT | FY 2005-12 FY 2014-16 | 166.80 | 96.62 |
| | | Commissioner | FY 2013-14 | 12.20 | 11.29 |
| Gujarat Value added tax Act, 2003 | Gujarat Value Added Tax | Joint/Dy. Commissioner of Commercial Tax | FY 2006-07 to 2012-13 | 2,886.83 | 2,491.34 |
| Central Sales Tax Act, 1956 | Central Sales Tax | Additional Commissioner of Sales Tax, Delhi | FY 1998-99 | 0.14 | 0.14 |
| | Central Sales Tax | Assistance Commissioner of Sales Tax, West Bengal | FY 1995-96 & 1997-98 | 2.21 | 2.21 |
| | Central Sales Tax | Joint/Dy. Commissioner of Commercial Tax | FY 2006-07 to 2015-16 | 2,772.00 | 2,551.71 |

**(viii)** In our opinion and according to the information and explanations given to us, the company has not defaulted in the repayment of loans or borrowings to financial institutions & banks. The Company has not taken any loans or borrowings from Government and has not issued any debentures.

**(ix)** The Company has not raised money by way of initial public offer or further public offer (including debt instrument) any term loans during the period under audit therefore, paragraph 3 (ix) of the order is not applicable to the company.

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

**(xi)** According to information & explanations given to us, the managerial remuneration has been paid by the company to its directors during the year is in accordance with provisions of Section 197 of the Act.

**(xii)** The company is not a Nidhi Company and hence reporting under clause (xii) of the paragraph 3 of the order is not applicable.

**(xiii)** In our opinion and according to the information and explanations given to us, all the transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013, where applicable, and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable Indian accounting standards.

**(xiv)** During the year, company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore paragraph 3 (xiv) of the order is not applicable to the company.

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

**(xv)** In our opinion and according to the information and explanations given to us, during the year, the company has not entered into any non-cash transactions with its directors or persons connected with him and hence paragraph 3 (xv) of the order is not applicable to the company.

**(xvi)** In our opinion and according to the information and explanations given to us, company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For T R Chadha & Co LLP**
Firm's Reg. No-: 006711N/N500028
Chartered Accountants

**Brijesh Thakkar**
Partner
Membership No-135556
UDIN : 20135556AAAADM5404

Place : Ahmedabad
Date : 18th June, 2020

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## ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

**THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED.**

**(Referred to in Paragraph 2(F) under the Heading of "Report on Other Legal and Regulatory Requirements" section of our Report of even date)**

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

We have audited the internal financial controls with reference to Financial Statements of Gujarat State Fertilizers and Chemicals Limited ("the Company") as of 31 March, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on, "the internal 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". 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.

**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 on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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 control 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 control with reference to 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 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 control 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.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March, 2020, based on, "the internal control 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".

**For T R Chadha & Co LLP**
Firm's Reg. No-: 006711N/N500028
Chartered Accountants

**Brijesh Thakkar**
Partner
Membership No-135556
UDIN : 20135556AAAADM5404

Place : Ahmedabad
Date : 18th June, 2020

## BALANCE SHEET AS AT 31ST MARCH, 2020

(₹ in lakhs)

| Particulars | Note | As at 31st March 2020 | As at 31st March 2019 |
|---|---|---|---|
| **A. ASSETS** | | | |
| **1. Non-current assets** | | | |
| (a) Property, Plant and Equipments | 5 | 2,89,129.14 | 2,81,030.24 |
| (b) Capital work-in-progress | 5 | 10,685.10 | 18,702.38 |
| (c) Right of Use Assets | 5 | 230.46 | - |
| (d) Other Intangible assets | 6 | 148.12 | 296.82 |
| (e) Financial Assets | | | |
| (i) Investments | 7 | 2,02,340.25 | 2,31,529.23 |
| (ii) Others financial assets | 8 | 3,000.06 | 4,415.80 |
| (f) Income tax assets (Net) | 23 | 15,121.97 | 9,901.82 |
| (g) Deferred tax assets (Net) | 23 | 6,762.92 | - |
| (h) Other non current assets | 9 | 32,287.45 | 33,320.33 |
| | | **5,59,705.47** | **5,79,196.62** |
| **2. Current assets** | | | |
| (a) Inventories | 10 | 1,26,263.81 | 1,43,025.50 |
| (b) Financial Assets | | | |
| (i) Trade receivable | 11 | 89,171.80 | 95,105.61 |
| (ii) Government subsidies receivable | 12 | 1,83,104.24 | 1,72,948.97 |
| (iii) Cash and cash equivalents | 13 | 1,429.04 | 3,697.50 |
| (iv) Bank balances other than (iii) above | 14 | 1,092.25 | 1,202.50 |
| (v) Loans | 15 | 19,226.97 | 17,445.78 |
| (vi) Others financial assets | 16 | 886.69 | 236.99 |
| (c) Other current assets | 17 | 20,844.65 | 21,558.14 |
| | | **4,42,019.45** | **4,55,220.99** |
| **3. Assets held for sale** | 18 | **703.98** | **703.98** |
| **TOTAL ASSETS** | | **10,02,428.90** | **10,35,121.59** |

## BALANCE SHEET AS AT 31ST MARCH, 2020

(₹ in lakhs)

| Particulars | Note | As at 31st March 2020 | As at 31st March 2019 |
|---|---|---|---|
| **B. EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| (a) Equity share capital | 19 | 7,969.55 | 7,969.55 |
| (b) Other Equity | 20 | 6,71,815.04 | 7,18,814.71 |
| | | **6,79,784.59** | **7,26,784.26** |
| **LIABILITIES** | | | |
| **1. Non-current liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 21 | 9,333.33 | 14,666.67 |
| (b) Provisions | 22 | 80,145.76 | 47,190.34 |
| (c) Deferred tax liabilities (Net) | 23 | - | 2,006.67 |
| | | **89,479.09** | **63,863.68** |
| **2. Current liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 24 | 1,41,241.45 | 86,868.79 |
| (ii) Trade payables | 25 | | |
| - Total outstanding dues of MSMED | | 494.13 | 1,057.41 |
| - Total outstanding dues of creditors other than MSMED | | 40,203.20 | 98,893.71 |
| (iii) Other financial liabilities | 26 | 29,578.47 | 43,318.90 |
| (b) Other current liabilities | 27 | 7,818.90 | 3,298.51 |
| (c) Provisions | 28 | 13,330.00 | 10,537.27 |
| (d) Current tax liabilities (Net) | 23 | 499.07 | 499.07 |
| | | **2,33,165.22** | **2,44,473.66** |
| **TOTAL EQUITY & LIABILITIES** | | **10,02,428.90** | **10,35,121.59** |
| **See accompanying notes forming part of the financial statements** | 1 to 49 | | |

In terms of our report attached

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No: 006711N / N500028

**Brijesh Thakkar**
Partner
Membership No: 135556

Vadodara
18th June, 2020

**Arvind Agarwal**
*Chairman and Managing Director*

**V. D. Nanavaty**
*ED (Finance) & CFO*

**V. V. Vachhrajani**
*Company Secretary*

## STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 31ST MARCH, 2020

(₹ in lakhs)

| Particulars | Note | Year Ended 31st March 2020 | Year Ended 31st March 2019 |
|---|---|---|---|
| **I Income** | | | |
| Revenue from operations | 29 | 7,62,082.43 | 8,57,453.65 |
| Other income | 30 | 10,919.01 | 10,489.82 |
| **Total income** | | **7,73,001.44** | **8,67,943.47** |
| **II Expenses** | | | |
| Cost of materials consumed | 31 | 3,59,702.25 | 4,22,602.07 |
| Purchase of Stock in Trade | | 1,41,578.96 | 2,06,291.64 |
| Changes in inventories of finished goods, work in process and stock in trade | 32 | 10,219.04 | (48,768.45) |
| Power and Fuel | | 65,231.30 | 67,671.95 |
| Employee benefits expense | 33 | 71,425.77 | 52,122.73 |
| Finance costs | 34 | 11,469.26 | 6,126.13 |
| Depreciation and amortization expense | | 17,020.92 | 12,560.56 |
| Other expenses | 35 | 83,656.38 | 82,795.21 |
| **Total Expenses** | | **7,60,303.88** | **8,01,401.84** |
| **III Profit before tax** | | **12,697.56** | **66,541.63** |
| **IV Tax expense** | | | |
| Current tax | | - | 12,322.52 |
| Deferred tax | 23 | 2,479.03 | 5,311.05 |
| MAT credit recognised | | - | (689.37) |
| Earlier Year Tax | 23 | 348.89 | 228.98 |
| **V Profit for the year** | | **9,869.64** | **49,368.45** |
| **VI Other Comprehensive Income** | | | |
| **(A) Items that will be reclassified to profit or loss** | | **-** | **-** |
| **(B) Items that will not be reclassified to profit or loss** | | | |
| Re-measurement gains/ (losses) on defined benefit plans | | (30,926.63) | (1,286.61) |
| Income tax effect on above | | 10,807.00 | 449.59 |
| Net fair value (loss) / gain on investments in equity instruments at FVTOCI | | (28,392.23) | (44,719.61) |
| Income tax effect on above | | 2,211.04 | 7,346.07 |
| **Net other comprehensive income that will not be reclassified to profit or loss** | | **(46,300.82)** | **(38,210.56)** |
| **VII Total Comprehensive Income for the year (V+VI)** | | **(36,431.18)** | **11,157.89** |
| **Earnings per equity share (face value of ₹ 2/- each)** | | | |
| Basic and Diluted Earnings per equity share: | 36 | **2.48** | **12.39** |
| **See accompanying notes forming part of the financial statements** | 1 to 49 | | |

In terms of our report attached

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No: 006711N / N500028

**Brijesh Thakkar**
Partner
Membership No: 135556

Vadodara
18th June, 2020

**Arvind Agarwal**
*Chairman and Managing Director*

**V. D. Nanavaty**
*ED (Finance) & CFO*

**V. V. Vachhrajani**
*Company Secretary*

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in lakhs)

| Particulars | Year Ended 31st March 2020 | 2019 |
|---|---|---|
| **A Cash Flow From Operating Activities :** | | |
| Profit Before Tax | 12,697.56 | 66,541.63 |
| **Adjustments for :** | | |
| Depreciation and amortisation expense | 17,020.92 | 12,560.56 |
| Amortisation of lease hold land | 355.98 | 355.98 |
| Finance cost | 11,469.26 | 6,126.13 |
| Interest income | (52.29) | (198.91) |
| Loss on fixed assets sold/written off | 424.08 | 17.23 |
| Dividend income | (3,538.40) | (3,705.86) |
| Provision for doubtful debts/advances | 536.08 | 38.86 |
| **Operating Profit before Working Capital Changes** | 38,913.19 | 81,735.61 |
| **Movements in working capital:** | | |
| Inventories | 16,761.69 | (62,385.68) |
| Trade receivables, loans and advances and other assets | (12,029.80) | 17,416.19 |
| Trade payables, other current liabilities and provision | (41,313.90) | 24,032.68 |
| **Cash Generated from Operations** | 2,331.18 | 60,798.80 |
| Direct taxes paid (net of refunds) | (5,569.04) | (10,103.54) |
| **Net Cash Flow from Operating Activities** | (3,237.86) | 50,695.26 |
| **B Cash Flow From Investing Activities :** | | |
| Purchase of property, plant & equipments (including CWIP & capital advances) | (30,167.44) | (29,559.43) |
| Purchase of non current investments | 796.75 | (2,202.75) |
| Interest received | 63.17 | 196.51 |
| Dividend received | 3,538.40 | 3,705.86 |
| **Net Cash Flow used in Investing Activities** | (25,769.12) | (27,859.80) |
| **C Cash Flow From Financing Activities** | | |
| Repayment of long term borrowings | (5,333.33) | (40,536.86) |
| Proceeds from long term borrowings | - | 30,000.00 |
| Net increase/(decrease) in short term borrowings | 54,372.66 | 2,778.81 |
| Interest paid | (11,732.80) | (5,862.96) |
| Dividend paid (including tax thereon) | (10,568.01) | (10,550.00) |
| **Net Cash Flow from/ (used in) Financing Activities** | 26,738.52 | (24,171.01) |
| **Net Increase/ (Decrease) in Cash & Cash Equivalents** | (2,268.46) | (1,335.55) |
| **Cash and Cash Equivalents as at the beginning of the year** | 3,697.50 | 5,033.05 |
| **Cash and Cash Equivalents as at end of the year (Refer Note-13)** | 1,429.04 | 3,697.50 |
| **Notes:** | | |
| **Components of Cash and cash equivalents** | | |
| Cash on hand | 7.61 | 4.28 |
| **Balances with banks** | | |
| In current accounts | 1,421.43 | 3,693.22 |
| **Total Cash and cash equivalents** | 1,429.04 | 3,697.50 |
| The Cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard 7 on Cash Flows Statement. | | |
| **See accompanying notes forming part of the financial statements** | | |

In terms of our report attached

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No: 006711N / N500028

**Brijesh Thakkar**
Partner
Membership No: 135556

**Arvind Agarwal**
*Chairman and Managing Director*

**V. D. Nanavaty**
*ED (Finance) & CFO*

**V. V. Vachhrajani**
*Company Secretary*

Vadodara
18th June, 2020

## STATEMENT OF CHANGES IN EQUITY (SOCIE)

**Note (a) : Equity share capital** **(₹ in lakhs)**

| Particulars | Amount |
|---|---|
| Balance as at April 01, 2018 | 7,969.55 |
| Changes in equity share capital during the year | - |
| Balance as at March 31, 2019 | 7,969.55 |
| Balance as at April 01, 2019 | 7,969.55 |
| Changes in equity share capital during the year | - |
| Balance as at March 31, 2020 | 7,969.55 |

**Note (b) : Other equity** **(₹ in lakhs)**

| Particulars | Reserves & Surplus | | | | | Items of OCI | |
|---|---|---|---|---|---|---|---|
| | Capital reserve | Security premium | Capital redemption reserve | General reserve | Retained earnings | Equity Instruments through OCI | Total Equity |
| **Balance as at April 01, 2018** | **1,256.33** | **30,524.02** | **3,335.00** | **4,46,153.31** | **43,206.47** | **1,93,750.09** | **7,18,225.22** |
| Profit for the year | - | - | - | - | 49,368.45 | - | 49,368.45 |
| Other comprehensive income for the year net of income tax | - | - | - | - | - | (37,373.54) | (37,373.54) |
| Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax | - | - | - | - | (837.02) | - | (837.02) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **48,531.43** | **(37,373.54)** | **11,157.89** |
| Dividends paid [Note 20] | - | - | - | - | (8,766.51) | - | (8,766.51) |
| Dividend Distribution Tax (DDT) [Note 20] | - | - | - | - | (1,801.90) | - | (1,801.90) |
| Transfer to General reserve | - | - | - | 38,000.00 | (38,000.00) | - | - |
| **Balance as at March 31, 2019** | **1,256.33** | **30,524.02** | **3,335.00** | **4,84,153.31** | **43,169.49** | **1,56,376.56** | **7,18,814.71** |
| **Balance as at April 01, 2019** | **1,256.33** | **30,524.02** | **3,335.00** | **4,84,153.31** | **43,169.49** | **1,56,376.56** | **7,18,814.71** |
| Profit for the year | - | - | - | - | 9,869.64 | - | 9,869.64 |
| Other comprehensive income for the year net of income tax | - | - | - | - | - | (26,181.19) | (26,181.19) |
| Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax | - | - | - | - | (20,119.63) | - | (20,119.63) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **(10,249.99)** | **(26,181.19)** | **(36,431.18)** |
| Dividends paid [Note 20] | - | - | - | - | (8,766.50) | - | (8,766.50) |
| Dividend Distribution Tax (DDT) [Note 20] | - | - | - | - | (1,801.98) | - | (1,801.98) |
| **Balance as at March 31, 2020** | **1,256.33** | **30,524.02** | **3,335.00** | **4,84,153.31** | **22,351.02** | **1,30,195.36** | **6,71,815.04** |

See accompanying notes forming part of the financial statements 1 to 49

In terms of our report attached

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No: 006711N / N500028

**Brijesh Thakkar**
Partner
Membership No: 135556

Vadodara
18th June, 2020

**Arvind Agarwal**
*Chairman and Managing Director*

**V. D. Nanavaty**
*ED (Finance) & CFO*

**V. V. Vachhrajani**
*Company Secretary*

**Notes to the financial statements for the year ended March 31, 2020**

**1. Corporate Information**

Gujarat State Fertilizers and Chemicals Limited "the Company" is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company is principally engaged in production of fertilizers and chemicals. Its shares are listed on two recognised stock exchanges in India. The registered office of the Company is located at Fertilizernagar - 391 750, Dist. Vadodara.

These financial statements were authorised for issuance by the Board of Directors of the Company in their meeting held on June 18, 2020.

**2. Basis of preparation of financial statements**

**2.1) Basis of preparation and compliance with Ind AS**

The standalone financial statements (financial statements) of the Company as at and for the year ended March 31, 2020 has been prepared in accordance with Indian Accounting standards ('Ind AS') notified under section 133 of the Companies Act, 2013 ('Act') and the Companies (Indian Accounting Standards) Rules issued from time to time and other relevant provisions of the Companies Act, 2013 (collectively called as Ind AS).

**2.2) Basis of measurement**

The financial statements have been prepared on a going concern basis, using historical cost convention and on an accrual method of accounting, except for the following assets and liabilities which have been measured at fair value, as required by relevant Ind AS.

1. Derivative financial instruments
2. Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)
3. Defined benefit plans

**2.3) Functional and presentation currency**

The financial statements are prepared in Indian Rupees, which is the Company's functional and presentation currency. All financial information presented in Indian Rupees has been rounded to the nearest lakhs with two decimals.

**2.4) Current and non-current classification**

The Company presents assets and liabilities in the Balance Sheet based on current / non-current classification.

An asset is classified as current if it satisfies any of the following criteria:

a) It is expected to be realised or intended to sold or consumed in the Company's normal operating cycle,

b) It is held primarily for the purpose of trading,

c) It is expected to be realised within twelve months after the reporting period, or

d) It is a cash or cash equivalent unless restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current if it satisfies any of the following criteria:

a) it is expected to be settled in the Company's normal operating cycle,

b) it is held primarily for the purpose of trading,

c) it is due to be settled within twelve months after the reporting period,

d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Current liabilities include current portion of non-current financial liabilities.

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

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

**3.** The Company has applied the following accounting policies to all periods presented in the financial statements.

**3.1 Revenue recognition**

The Company derives revenues primarily from manufacturing of Fertilizers and Chemical Products.

Revenue from Operations is recognised in the Statement of Profit and Loss when:

- The income generating activities have been carried out on the basis of a binding agreement.
- The income can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the Company.
- Costs relating to the transaction can be measured reliably.

Revenue for all businesses is recognized upon transfer of control of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for the goods and services.

Sale of fertilizer products is recognised net of returns and trade discounts. Sales exclude sales tax/value added tax/GST collected on behalf of Government. Revenue is also recognised on sale of goods in case where the delivery is kept pending at the instance of the customer, as the performance obligation has been satisfied and control are transferred and customer takes title and accepts billing as per usual payment terms.

Sales of industrial products are accounted on the dispatch basis except export sales, which are recognised on the basis of bill of lading on satisfaction of performance and transfer of control.

The amounts receivable from various agencies are accounted for on accrual basis except interest on delayed payments, refunds from customs & excise authorities, insurance claims (other than marine claims), etc. where it is not possible to ascertain the income with reasonable accuracy or in absence of finality of the transaction.

Revenues in excess of invoicing are classified as contract assets (referred as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

**Subsidy income**

Urea subsidy income is recognised on the basis of the rates notified from time to time by the Government of India on the quantity of fertilisers sold by the Company for the period for which notification has been issued, further adjusted for input price escalation/de-escalation estimated by management, based on prescribed norms as notified by Govt. of India.

Subsidy on Phosphatic and Potassic (P&K) fertilizers is recognized as per concession rates notified by the Government of India in accordance with Nutrient Based Subsidy Policy from time to time and Freight subsidy has been accounted for in line with the policy of the Government of India.

Subsidy on City Compost is recognized based on rates, as notified by the Government of India.

**Interest income**

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR), which 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. Interest income is included in other income in the statement of profit and loss.

**Dividends**

Dividend income is accounted for when the right to receive the same is established, which is generally when shareholders approve the dividend.

**Insurance Claims**

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

**Rental Income**

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

**3.2 Taxes:**

Tax expense comprises of current income tax & deferred tax

**Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on the rates and tax laws enacted or substantively enacted, at the reporting date in India where the entity operates and generates taxable income.

Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The Company recognizes tax credits in the nature of Minimum Alternate Tax (MAT) credit entitlement only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which tax credit is allowed to be carried forward, sufficient to utilize the MAT credit entitlement. The carrying amount of tax credit is reviewed at each reporting date as stated above.

**3.3 Non-current assets held for sale**

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. The Company treats sale of the asset to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset,
- An active programme to locate a buyer and complete the plan has been initiated,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

**3.4 Property, plant and equipment and intangible assets**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Such cost includes the cost of replacing part of the plant and equipment. 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. Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost. Otherwise, such items are classified as inventories. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred

Assets under erection / installation of the existing projects and on-going projects are shown as "Capital Work in Progress".

Capital advances given for procurement of Property, plant and equipment are treated as other non-current assets.

In the absence of availability of specific original cost in respect of a part of assets capitalised under turn-key contracts, the original value of such asset written / disposed off is estimated on the basis of its current cost adjusted for price and technological factors.

Major cost of civil works required as plant and machinery supports, on the basis of technical estimates, is considered as Plant & Machinery.

**Intangible assets**

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Cost of intangible assets comprises of purchase price and attributable expenditure on making the asset ready for its intended use. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

**Research and Development**

Capital expenditure on Research & Development activities is included in Property, plant and equipment to the extent it has alternative economic use. Revenue expenditure pertaining to research activity is charged under respective account heads in the statement of Profit & Loss.

**Depreciation methods, estimated useful lives and residual value**

Depreciation on Property, plant and equipment is provided on Straight Line Method as per the useful life prescribed in Schedule II to the Company's Act, 2013. Depreciation on additions to Property, plant and equipment and assets disposed off/discarded is charged on pro-rata basis. Depreciation on commissioning of plants and other assets of new projects is charged for the days they are actually available for use.

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

The assets' residual values and estimated useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Leasehold land, other than that on perpetual lease, is amortized over the life of the lease.

Intangible assets are amortized over their estimated economic lives but not exceeding ten years on a straight-line basis.

The useful lives of the property, plant and equipment are as follows:

| Assets | Estimated Useful life |
|---|---|
| Freehold Land | — |
| Leasehold Land | 20 years |
| Buildings | 30-60 years |
| Bridge, culverts,bunders,etc. | 30 years |
| Roads | 5-10 years |
| Plant and machinery | 15-25 years |
| Furniture and fittings | 10 years |
| Motor Vehicles | 5-10 years |
| Railway sidings | 15 years |
| Office equipment | 5 years |
| Computers and Data Processing units | 3-6 years |
| Laboratory equipment | 10 years |
| Electrical Installation and Equipment | 10 years |
| Library books | 15 years |

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**3.5 Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. 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 Company's of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is determined:

(i) In case of individual asset, at higher of the fair value less cost to sell and value in use; and

(ii) In case of cash-generating unit (a Company of assets that generates identified, independent cash flows), at the higher of the cash-generating unit's fair value less cost to sell and the value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

**3.6 Borrowing costs**

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

**3.7 Leases**

**Transition**

Effective April 01, 2019, the company adopted Ind As 116 "leases" and applied the standard to all applicable lease contracts existing on April 1, 2019 using the modified retrospective method with cumulative effect of initially applying the standard recognised on the date of initial application. Accordingly, company has not restated comparative information and recognised right of use assets at an amount equal to lease liability.

The Company's lease asset primarily consists of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys 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: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

**Company as a lessee**

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. The higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and finance cost portion of lease payments have been classified as financing cash flows.

**Company as a lessor**

At the inception of the lease, the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income over the lease term on a straight-line basis.

**3.8 Inventories**

Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw materials, process chemicals, stores and spares, packing materials, trading and other products are determined on weighted average basis.

Net realisable value represents the estimated selling price (including subsidy income, where applicable) of inventories less all estimated costs of completion & costs necessary to make the sale.

**3.9 Employee benefits**

(i) Short-term employee benefits

Short term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.

(ii) Post Employment benefits

(a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company has set up separate recognized Provident Fund trusts for all the units of the Company.

Contributions paid/payable for Provident Fund of eligible employees and National Pension Scheme is recognized in the statement of Profit and Loss each year. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trusts and the interest rate notified by Government.

Liability on account of such shortfall, if any, is provided for based on the actuarial valuation carried out as at the end of the year.

(b) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Post employment defined benefits plans comprise of gratuity, superannuation and Post Retirement Medical Benefit for eligible employees of the Company. Post employment benefits are recognized as an expense in the statement of profit and loss for the year in which the employee has rendered services. The Company also contributes to a government administered Family Pension fund on behalf of its employees. The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. Re-measurement in OCI is reflected immediately in retained earnings and is not reclassified to profit & loss.

(iii) Other long-term employee benefits

Other long-term employee benefits comprise of leave encashment for eligible employees of Company. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

**3.10 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.

**(A) Financial Assets**

The Company determines the classification of its financial assets at initial recognition. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

The financial assets are classified in the following measurement categories:

a) Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

b) Those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly 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 or loss as incurred.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments.

**(i) Amortised Cost**

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

a) The asset is held within a business model with the objective of collecting the contractual cash flows, and

b) The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets at amortised cost include loans receivable, trade and other receivables, and other financial assets that are held with the objective of collecting contractual cash flows. After initial measurement at fair value, the financial assets are measured at amortised cost using the effective interest rate (EIR) method, less impairment.

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 statement of profit or loss. The losses arising from impairment are recognised in the Statement of Profit or Loss in other income.

**(ii) Fair value through other comprehensive income**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**(iii) Financial assets at fair value through profit or loss**

The Company classifies the following financial assets at fair value through profit or loss:

a) Debt investments that do not qualify for measurement at amortised cost;

b) Debt investments that do not qualify for measurement at fair value through other comprehensive income; and

c) Debt investments that have been designated at fair value through profit or loss.

Financial assets at fair value through profit or loss include financial assets held for trading, debt securities and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the Balance Sheet at fair value with net changes in fair value presented as finance costs in profit or loss if the same is considered as an adjustment to borrowing cost. Interests, dividends and gain/loss on foreign exchange on financial assets at fair value through profit or loss are included separately in other income.

If Company elects to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments shall continue to be recognised in profit or loss as other income when the Company's' right to receive payments is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income. Changes in the fair value of financial assets at fair value through profit or loss shall be recognised in other gain/(losses) in the statement of profit or loss as applicable.

Investments in subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associates is carried at deemed cost in the separate financial statements.

**Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**Impairment of Financial Assets**

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments and are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance.

b) Trade receivables or any contractual right to receive cash or other financial asset that result from transactions that are within the scope of Ind AS 18.

An expected credit loss is the probability-weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows that the company expects to receive. The expected credit losses consider the amount and timing of payments and hence, a credit loss arises even if the Company expects to receive the payment in full but later than when contractually due. The expected credit loss method requires to assess credit risk, default and timing of collection since initial recognition. This requires recognising allowance for expected credit losses in profit or loss even for receivables that are newly originated or acquired.

Impairment of financial assets is measured as either 12 month expected credit losses or life time expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. '12 month expected credit losses' represent the expected credit losses resulting from default events that are possible within 12 months after the reporting date. 'Lifetime expected credit losses' represent the expected credit losses that result from all possible default events over the expected life of the financial asset.

Trade receivables are of a short duration, normally less than 12 months and hence the loss allowance measured as lifetime expected credit losses does not differ from that measured as 12 month expected credit losses. The Company uses the practical expedient in Ind AS 109 for measuring expected credit losses for trade receivables using a provision matrix based on ageing of receivables.

The Company uses historical loss experience and derived loss rates based on the past twelve months and adjust the historical loss rates to reflect the information about current conditions and reasonable and supportable forecasts of future economic conditions. The loss rates differ based on the ageing of the amounts that are past due and are generally higher for those with the higher ageing.

**Interest income**

For all financial instruments measured at amortised cost and interest bearing financial assets, interest income is recognised using the effective interest rate (EIR), which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial asset is recognised using the original EIR.

**Dividends**

Dividends are recognised as revenue when the right to receive payment is established.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**(B) Financial Liabilities**

The Company determines the classification of its financial liabilities at initial recognition.

**Classification**

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

**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 are subsequently measured at amortised cost where as derivatives are measured at fair value through profit and loss.

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 bank overdrafts, financial guarantee contracts and derivative financial instruments.

**Financial liabilities at fair value through profit and loss**

Financial liabilities at fair value through profit and loss include financial liabilities to hedge risks which are not designated as hedges. At initial recognition, the Company measures financial liabilities at its fair value. Financial liabilities at fair value through profit and loss are carried in the Balance Sheet at fair value with changes recognised in the Statement of Profit and Loss.

**Financial liabilities measured at amortised cost**

Financial liabilities are initially recognised at fair value, net of transaction cost incurred and are subsequently measured at amortised cost, using the EIR method. Any difference between the proceeds net of transaction costs and the amount due on settlement or redemption of borrowings is recognised over the term of the borrowing.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest charge over the relevant effective interest rate period. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

**Derecognition of financial liabilities**

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 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**(C) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counter party.

**(D) Derivative financial instruments**

The Company's activities expose it to the financial risks of changes in foreign exchange rates and interest rates. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives consistent with the Company's risk management strategy. Changes in values of all derivatives of a financing nature are included within financing costs if the same is considered as adjustment to borrowing cost in the Statement of Profit and Loss whereas other foreign exchange fluctuation is disclosed under other expenses. The Company does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date.

**(E) Equity investments**

All equity investments in scope of Ind AS 109 are measured at fair value. For equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**3.11 Foreign currencies**

**(a) Functional and presentation currency**

The financial statements are presented in Indian Rupees, which is the Company's functional and presentation currency. Each entity in the Company determines its own functional currency (the currency of the primary economic environment in which the entity operates) and items included in the financial statements of each entity are measured using that functional currency.

**(b) Transactions and balances**

Transactions in foreign currencies are initially recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Profit and Loss within 'Finance costs'. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss within 'Other operating expenses'.

**3.12 Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

**3.13 Segment accounting:**

The Chief Operational Decision Maker monitors the operating results of its business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The Operating segments have been identified on the basis of the nature of products/services.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter Segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocated to segments on a reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

The Company has identified two reportable business segments i.e. Fertilizer products and Industrial products. The Company operates mainly in Indian market and there are no reportable geographical segments.

**3.14 Provisions, Contingent liabilities, Contingent assets and Commitments:**

Provisions are recognised only when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

- A present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- A present obligation arising from the past events, when no reliable estimate is possible;

- A possible obligation arising from the past events, unless the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

**3.15 Earnings per share**

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**3.16 Cash flow statement**

Cash flow are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals of accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and finance activities of the Company are segregated.

**4. Critical and significant accounting judgements, estimates and assumptions**

**4.1 Critical estimates and judgements**

The following are the critical judgements, apart from those involving estimations that the management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Useful lives of property, plant and equipment and intangible assets:**

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2020 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

**Allowance for expected credit losses:**

Note 41 describes the use of practical expedient by computing the expected credit loss allowance for trade receivables other than subsidy receivables based on provision matrix. The expected credit allowance is based on the aging of the days receivables are due and the rates derived based on past history of defaults in the provision matrix. As regards subsidy receivables, the Company does not believe that there is any credit risk as dues are receivable from the Government and hence no allowance for expected credit loss is made.

**Dismantling cost of property, plant and equipment:**

Note 22 describes assets retirement obligation on estimate basis for property, plant and equipment. The management estimates dismantling cost considering size of the asset and its useful life in line with industry practices.

**Stores and spares inventories:**

The Company's manufacturing process is continuous and highly mechanical with wide range of different types of plant and machineries. The Company keeps stores and spares as standby to continue the operations without any disruption. Considering wide range of stores and spares and long lead time for procurement of it and based on criticality of spares, the Company believes that net realizable value would be more than cost.

**Fair value of investments:**

The Company has invested in the equity instruments of various companies. However, the percentage of shareholding of the Company in some of such investee companies is low and hence, it has not been provided with future projections including projected profit and loss account by those investee companies. Hence, the valuation exercise carried out by the Company with the help of an independent valuer has estimated the fair value at each reporting period based on available historical annual reports and other information in the public domain. In case of other companies, where there are no comparable companies' valuations available (also includes start-up companies) and no further information available for future projections, capacity utilisation, commencement of operations, etc., the method of valuation followed is cost approach. The Company evaluates the aforesaid position at each period end.

**Income taxes:**

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

**4.2 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, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Judgements**

In the process of applying the company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the standalone financial statements:

**Determination of lease term & discount rate:**

Ind AS 116 leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the company considers factor such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the company's operations taking into account the location of the underlying asset and availability of the suitable alternatives. The lease term in future period is reassessed to ensure that the lease term reflects the current economic circumstances.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company based on its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

**Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow model. The cash flows are derived from the budget for the next five years and do not include activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the Cash Generating Unit being tested. The recoverable amount is sensitive to the discount rate used for the Discounted Cash Flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

**Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**Defined benefit plans**

The cost of the defined benefit plans viz. gratuity, superannuation for the eligible employees of the Company 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 plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The 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 and gratuity increases are based on expected future inflation rate.

Further details about gratuity obligations are given in Note 37.

**Provision and contingent liability**

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

## 5. (i) Property, Plant and Equipment

(₹ in lakhs)

| PARTICULARS | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01-Apr-19 | Additions | Deductions/ Adjustments | As at 31-Mar-20 | As at 01-Apr-19 | Charge for the year | Deductions/ Adjustments | As at 31-Mar-20 | Balance As at 31-Mar-20 | Balance As at 31-Mar-19 |
| Freehold land | 551.47 | 2,691.42 | - | 3,242.89 | - | - | - | - | 3,242.89 | 551.47 |
| Leasehold land | 705.30 | 935.26 | - | 1,640.56 | 25.60 | 34.23 | - | 59.83 | 1,580.73 | 679.70 |
| Buildings | 18,717.76 | 1223.28 | - | 19,941.04 | 2,174.89 | 681.06 | - | 2,855.95 | 17,085.09 | 16,542.87 |
| Bridge, culverts,bunders,etc. | 0.18 | - | - | 0.18 | 0.08 | 0.01 | - | 0.09 | 0.09 | 0.10 |
| Roads | 409.28 | 6.17 | - | 415.45 | 44.80 | 30.78 | - | 75.58 | 339.87 | 364.48 |
| Plant and machinery | 2,79,943.32 | 18043.33 | 2971.17 | 2,95,015.48 | 37,403.64 | 13700.32 | 2519.22 | 48,584.74 | 2,46,430.74 | 2,42,539.68 |
| Furniture and fittings | 7,180.57 | 56.75 | 8.41 | 7,228.91 | 279.61 | 687.54 | 7.99 | 959.16 | 6,269.75 | 6,900.96 |
| Motor Vehicles | 240.49 | 10.83 | 11.31 | 240.01 | 135.34 | 22.98 | 10.51 | 147.81 | 92.20 | 105.15 |
| Railway sidings | 2,122.13 | 86.01 | - | 2,208.14 | 442.11 | 117.51 | - | 559.62 | 1,648.52 | 1,680.02 |
| Office equipment | 784.42 | 68.79 | 18.10 | 835.11 | 417.33 | 106.90 | 17.12 | 507.11 | 328.00 | 367.09 |
| Computers and Data Processing units | 524.40 | 107.30 | 73.82 | 557.88 | 186.20 | 96.81 | 70.13 | 212.88 | 345.00 | 338.20 |
| Laboratory equipment | 1,531.20 | 54.65 | 12.75 | 1,573.10 | 228.08 | 156.12 | 11.78 | 372.42 | 1,200.68 | 1,303.12 |
| Electrical Installation and Equipment | 11,069.23 | 1980.56 | - | 13,049.79 | 1,421.12 | 1070.87 | - | 2,491.99 | 10,557.80 | 9,648.11 |
| Library books | 16.96 | - | - | 16.96 | 7.67 | 1.51 | - | 9.18 | 7.78 | 9.29 |
| TOTAL | 3,23,796.71 | 25,264.35 | 3,095.56 | 3,45,965.50 | 42,766.47 | 16,706.64 | 2,636.75 | 56,836.36 | 2,89,129.14 | 2,81,030.24 |
| **Capital work in progress** | | | | | | | | | **10,685.10** | **18,702.38** |

| PARTICULARS | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01-Apr-18 | Additions | Deductions/ Adjustments | As at 31-Mar-19 | As at 01-Apr-18 | Charge for the year | Deductions/ Adjustments | As at 31-Mar-19 | Balance As at 31-Mar-19 | Balance As at 31-Mar-18 |
| Freehold land | 551.47 | - | - | 551.47 | - | - | - | - | 551.47 | 551.47 |
| Leasehold land | 705.30 | - | - | 705.30 | 19.19 | 6.41 | - | 25.60 | 679.70 | 686.11 |
| Buildings | 17,830.15 | 892.94 | 5.33 | 18,717.76 | 1,525.44 | 652.46 | 3.01 | 2,174.89 | 16,542.87 | 16,304.71 |
| Bridge, culverts,bunders,etc. | 0.18 | - | - | 0.18 | 0.06 | 0.02 | - | 0.08 | 0.10 | 0.12 |
| Roads | 138.48 | 270.80 | - | 409.28 | 37.99 | 6.81 | - | 44.80 | 364.48 | 100.49 |
| Plant and machinery | 2,10,468.56 | 69579.61 | 104.85 | 2,79,943.32 | 26,946.23 | 10554.68 | 97.27 | 37,403.64 | 2,42,539.68 | 1,83,522.33 |
| Furniture and fittings | 601.41 | 6594.07 | 14.91 | 7,180.57 | 158.62 | 135.16 | 14.17 | 279.61 | 6,900.96 | 442.79 |
| Motor Vehicles | 200.27 | 57.70 | 17.48 | 240.49 | 120.45 | 31.50 | 16.61 | 135.34 | 105.15 | 79.82 |
| Railway sidings | 2,122.13 | - | - | 2,122.13 | 325.95 | 116.16 | - | 442.11 | 1,680.02 | 1,796.18 |
| Office equipment | 683.29 | 106.98 | 5.85 | 784.42 | 301.48 | 121.72 | 5.87 | 417.33 | 367.09 | 381.81 |
| Computers and Data Processing units | 333.64 | 230.37 | 39.61 | 524.40 | 121.18 | 102.34 | 37.32 | 186.20 | 338.20 | 212.46 |
| Laboratory equipment | 597.04 | 953.57 | 19.41 | 1,531.20 | 169.92 | 74.03 | 15.87 | 228.08 | 1,303.12 | 427.12 |
| Electrical Installation and Equipment | 6,370.29 | 4698.94 | - | 11,069.23 | 779.71 | 641.41 | - | 1,421.12 | 9,648.11 | 5,590.58 |
| Library books | 16.96 | - | - | 16.96 | 6.10 | 1.57 | - | 7.67 | 9.29 | 10.86 |
| TOTAL | 2,40,619.17 | 83,384.98 | 207.44 | 3,23,796.71 | 30,512.32 | 12,444.27 | 190.12 | 42,766.47 | 2,81,030.24 | 2,10,106.85 |
| **Capital work in progress** | | | | | | | | | **18,702.38** | **76,132.93** |

## 5. (ii) Right of Use Assets

(₹ in lakhs)

| PARTICULARS | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01-Apr-19 | Additions | Deductions/ Adjustments | As at 31-Mar-20 | As at 01-Apr-19 | Charge for the year | Deductions/ Adjustments | As at 31-Mar-20 | Balance As at 31-Mar-20 | Balance As at 31-Mar-19 |
| Leasehold Building | - | 375.62 | 2.37 | 373.25 | - | 143.60 | 0.81 | 142.79 | 230.46 | - |
| TOTAL | - | 375.62 | 2.37 | 373.25 | - | 143.60 | 0.81 | 142.79 | 230.46 | - |

## Details for Right of Use Assets

(₹ in lakhs)

| | |
|---|---|
| **Gross Block (At Cost)** | |
| As at 01-04-2019 | - |
| Additions (Transitional impact on adoption of Ind AS 116) | 361.83 |
| Additions during the period | 13.79 |
| Disposals | 2.37 |
| **As at 31-03-2020** | **373.25** |
| **Accumulated Depreciation** | |
| As at 01-04-2019 | - |
| Charge for the period | 143.60 |
| Disposals | 0.81 |
| **As at 31-03-2020** | **142.79** |
| **Net Block as at 31-03-2020** | **230.46** |

**Notes**

1. The Company has commissioned Ammonia Storage Tank Cap. 10000 MT at cost of ₹ 6527.23 Lakhs, PA Storage Tank Cap. 10000 MT ₹ 856.47 Lakhs and 10 MW Solar power Plant ₹ 4991.67 Lakhs during FY 2019-20.The company has also acquired freehold land at Motikhavdi, Jamnagar for ₹ 2691.42 Lakhs during FY 2019-20.
2. Asset acquisition includes R&D assets of ₹ 28.66 lakhs (previous year ₹ 20.83 lakhs).
3. The Company has acquired land through Government and also through direct negotiations. The entire land is in possession of the Company. In respect of other portion of land acquired through direct negotiations, compensation has been paid at the negotiated price. The Company also holds possession of a portion of land for which no amount has been paid in absence of receipt of awards.
4. "The Company has leased a portion of its land to Bank of Baroda for bank premises at Fertilizernagar and Sikka and Gas Authority of India Ltd. (GAIL) for establishment of CNG pumping station.""
5. Buildings include ₹ 0.02 lakh being the value of shares in Co-operative Housing Societies.
6. "The Company established Sikka Jetty at its own cost, which is in operation since 1987. After due discussion with Gujarat Maritime Board (GMB), a consensus was arrived at establishing ownership of jetty with the Company. Thereafter, in terms of resolution passed by GMB, the ownership of the jetty at Sikka was transferred to the Company. However, during 1994, GMB has reversed its earlier decision not supported by resolution and contended that the ownership of the jetty rests with GMB. The Company has made representation to the appropriate authority with regards to the ownership of the jetty with the Company.""The matter of deciding the status of Jetty was under examination at GMB & Government of Gujarat levels since long back. Various meetings were also held and after due diligence on the matter, it is decided by the Board of GMB supported by a resolution to assign the status of Captive Jetty to sikka jetty and the Company has to sign Captive Jetty Agreement with GMB. The matter is under discussion with GMB authorities. Pending finalization of the Captive Jetty Agreement, no provision is considered necessary in respect of various claims against the Company and counter-claims of the Company (both the amounts not determined). At present the Company is in possession of the Jetty and continues to be the owner of the Jetty pending signing of the Agreement."

## 6. Intangible assets

(₹ in lakhs)

| | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| **PARTICULARS** | As at 01-Apr-19 | Additions | Deductions/ Adjustments | As at 31-Mar-20 | As at 01-Apr-19 | Charge for the year | Deductions/ Adjustments | As at 31-Mar-20 | Balance As at 31-Mar-20 | Balance As at 31-Mar-19 |
| Computer software | 1,270.56 | 21.99 | - | 1,292.55 | 973.74 | 170.69 | - | 1,144.43 | 148.12 | 296.82 |
| **TOTAL** | **1,270.56** | **21.99** | **-** | **1,292.55** | **973.74** | **170.69** | **-** | **1,144.43** | **148.12** | **296.82** |

| | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| **PARTICULARS** | As at 01-Apr-18 | Additions | Deductions/ Adjustments | As at 31-Mar-19 | As at 01-Apr-18 | Charge for the year | Deductions/ Adjustments | As at 31-Mar-19 | Balance As at 31-Mar-19 | Balance As at 31-Mar-18 |
| Computer software | 1,234.42 | 36.14 | - | 1,270.56 | 857.45 | 116.29 | - | 973.74 | 296.82 | 376.97 |
| **TOTAL** | **1,234.42** | **36.14** | **-** | **1,270.56** | **857.45** | **116.29** | **-** | **973.74** | **296.82** | **376.97** |

## 7. Non-current investments

(₹ in lakhs)

| Praticulars | | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|---|
| **Investments in equity shares of Associates measured at cost** | | | |
| 14,302 | shares of Vadodara Enviro Channel Ltd. - ₹ 10 each* | - | - |
| 12,50,000 | shares of Gujarat Green Revolution Company Ltd. - ₹ 10 each | 125.00 | 125.00 |
| 1,63,34,558 | Shares of Karnalyte Resources Inc - Canadian Dollar (CAD) | 4,064.38 | 4,064.38 |
| | Less : Provision for Impairment (Note - g) | 870.03 | - |
| | | 3,319.35 | 4,189.38 |
| **Investments in equity shares of subsidiary measured at cost** | | | |
| 47,99,994 | shares of GSFC Agrotech Ltd. - ₹ 10 each | 480.00 | 480.00 |
| **Unquoted equity shares of other companies measured at fair value through OCI** | | | |
| 22,50,000 | Shares of Indian Potash Limited - ₹ 10 each (11,25,000 Bonus shares received during the year) | 12,115.35 | 6,242.17 |
| 12,26,31,575 | Shares of Gujarat Chemical Port Terminal Co. Ltd. - ₹ 1 each | 23,263.21 | 23,177.37 |
| | 1 Share of Gujarat State Electricity Corporation Ltd – ₹ 10 each (Note - b) | - | - |
| 2,35,00,000 | Shares of Gujarat State Petroleum Corporation Limited – ₹ 1 each | 2,023.35 | 1,882.35 |
| 41,79,848 | Shares of Tunisian Indian Fertilizers (TIFERT s.a.) - TND 10 each (Note - c) | - | - |
| 60,000 | Shares of Gujarat Venture Finance Limited – ₹ 10 each | 101.54 | 89.28 |
| 50,000 | Shares of Biotech Consortium India Limited – ₹ 10 each | 20.57 | 19.02 |
| 1,15,000 | Shares of Gujarat Data Electronics Limited - ₹ 10 each | - | - |
| | | 37,524.02 | 31,410.19 |
| **Quoted equity shares of other companies measured at fair value through OCI** | | | |
| 3,07,79,167 | Shares of Gujarat Narmada Valley Fertilizers & Chemicals Ltd. - ₹ 10 each | 35,303.70 | 94,168.86 |
| 2,23,62,784 | Shares of Gujarat Industries Power Company Ltd. - ₹ 10 each | 11,159.03 | 15,899.94 |
| 16,55,040 | Shares of Gujarat Alkalies & Chemicals Ltd. - ₹ 10 each | 3,690.74 | 8,164.31 |
| 4,69,14,475 | Shares of Gujarat Gas Ltd. - ₹ 2 each | 1,08,302.07 | 69,480.34 |
| 9,35,600 | Shares of Gujarat State Financial Corporation - ₹ 10 each | - | - |
| 11,36,000 | Shares of Bandhan Bank Limited - ₹ 10 each (Note - d) | 2,314.60 | 5,516.00 |
| 5,49,440 | Shares of Industrial Development Bank of India - ₹ 10 each | 106.04 | 256.31 |
| 5,79,000 | Shares of Mangalore Chemicals & Fertilizers Ltd. - ₹ 10 each | 140.70 | 234.50 |
| | | 1,61,016.88 | 1,93,720.26 |
| **Total FVTOCI Investments** | | 1,98,540.90 | 2,25,130.45 |
| **Other equity investments** | | | |
| Tunisian Indian Fertilizers (TIFERT) (Note - f) | | - | 1,729.40 |
| **TOTAL INVESTMENTS** | | 2,02,340.25 | 2,31,529.23 |
| Aggregate book value of Quoted Investments | | 1,61,016.88 | 1,93,720.26 |
| Aggregate market value of Quoted Investments | | 1,61,016.88 | 1,93,720.26 |
| Aggregate carrying value of Unquoted Investments | | 41,323.37 | 37,808.97 |
| Category-wise other investments-as per Ind AS 109 classification | | | |
| **Particulars** | | **31-03-2020** | **31-03-2019** |
| Financial assets carried at fair value through profit or loss (FVTPL) | | - | - |
| Financial assets carried at amortised cost | | 3,799.35 | 4,669.38 |
| Financial assets measured at FVTOCI | | 1,98,540.90 | 2,26,859.85 |
| **TOTAL INVESTMENTS** | | 2,02,340.25 | 2,31,529.23 |

**Notes:**

** Less than a Thousand*

a) There is no change in the no of shares compare to previous year, except where specifically mentioned above under each case.

b) As per Notification of Govt of Gujarat, Bhavnagar Energy Company Ltd.(BECL) is Merged with Gujarat State Electricity Corpo. Ltd.(GSECL) As per the Merger scheme, the company has received 1 No of share of GSECL in exchange of 7,12,20,000 No of shares of BECL. The Fair Value of said investment is ₹ Nil as on 31st March 2020 & 31st March 2019.

c) The equity shares held by the Company in Tunisian Indian Fertilizers S.A., Tunisia (TIFERT) have been pledged to secure the obligations of TIFERT to their lenders.

d) Pursuant to the scheme of Amalgamation, GRUH Finance Ltd got amalgamated with Bandhan Bank Ltd in FY 19-20. As per the share swap ratio given in the scheme documents, 568 Share of Bandhan Bank Ltd has been allotted against 1,000 shares of Gruh Finance Ltd. Hence company has received 11,36,000 shares of Bandhan Bank Ltd., in swap of 20,00,000 shares in Gruh Finance Ltd

e) Investments at fair value through OCI (fully paid)reflect investment in quoted and unquoted equity securities. Refer note 41 for determination of their fair values.

f) The company has provided a loan of USD 2.50 Mn to TIFERT for procurement of critical spares and equipments. Loan has been provided with a condition of compulsory conversion in equity shares of TIFERT after 3 years from the date of agreement and it carries an interest of daily average LIBOR plus a margin of 225 basis points. Principal amount of the loan along with unpaid interest will be converted into equity shares of TIFERT at face value after 3 years of agreement, accordingly the same has been classified as Investment, as in substance the nature is of the investment.

g) Impairment Loss of ₹ 870.03 Lakhs has been recognised in the carrying value of investment in Karnalyte Resources Ltd. during FY 2019-20 under the head "Other Expenses" in Profit and Loss Account, taking into consideration consistent operating losses booked by the company and its low market capitalisation. As share valuation has been carried out considering the Replacement cost method, Investment is categorised at Level 3 of the fair value hierarchy.

## 8. Other non-current financial assets

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Unsecured, considered good** | | |
| Other deposits* | 3,000.06 | 4,415.80 |
| **Unsecured, considered doubtful** | | |
| Deposits with companies & others | 102.70 | 102.70 |
| Less: Allowance for doubtful deposits | (102.70) | (102.70) |
| **TOTAL** | **3,000.06** | **4,415.80** |

*Deposit of ₹ 2048.58 lakhs (Previous Year ₹ 1713.03 Lakhs) paid under protest against which legal cases are going on with various Govt authorities.

## 9. Other non current assets

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Capital Advances* | 31,242.46 | 32,200.61 |
| Prepaid Expenses | 5.70 | 6.03 |
| Prepayment for Leasehold Land | 883.06 | 957.44 |
| Others | 156.23 | 156.25 |
| **TOTAL** | **32,287.45** | **33,320.33** |

*Capital advance as on 31st March,2020 includes ₹ 28,576.38 lakhs (₹ 28,857.98 lakhs as at 31st March, 2019) advance for leasehold land pending execution of lease deed towards plot in Dahej.

## Notes to the Financial Statements

### 10. Inventories

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Raw materials | 25,091.08 | 24,904.49 |
| Raw materials in Transit | 4,783.75 | 10,308.56 |
| Work-in-Process | 2,009.54 | 1,534.20 |
| Finished goods | 50,494.23 | 63,386.86 |
| Stock in trade | 24,433.11 | 22,169.69 |
| Stock in trade-in Transit | - | 65.16 |
| Stores and spares (including packing material) | 19,426.50 | 20,634.09 |
| Loose tools | 25.60 | 22.45 |
| **TOTAL** | **1,26,263.81** | **1,43,025.50** |

### 11. Trade receivables

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Secured, considered good | 1,167.33 | 1,052.65 |
| Unsecured, considered good | 88,004.47 | 94,052.96 |
| Unsecured, credit impaired | 7,413.31 | 6,942.39 |
| **TOTAL** | **96,585.11** | **1,02,048.00** |
| Less: Allowance for doubtful debts (including ECL) | 7,413.31 | 6,942.39 |
| **TOTAL** | **89,171.80** | **95,105.61** |

The average credit period on sale of goods is 30 to 90 days. No interest is charged on trade receivables up to the expiry of the credit period. There after, interest is charged at 15% per annum on the outstanding balance.The company has two customers (GSFC Agrotech Limited & Gujarat Fertilizers Dealers Association) which represents more than 5% of the total balance of trade receivables.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. Refer note 41 for the provision matrix at the end of the reporting period, ageing of receivable and movement in the expected credit loss allowance.

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. Refer note 41 for the credit risk management by the Company.

The above balances include trade receivables from related parties ₹ 10109.62 Lakhs (₹ 17298.55 Lakhs as on 31 March 2019) Refer note 39.

### 12. Government subsidies receivable

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Subsidy from Government of India under New Urea Policy/Retention Price Scheme/Nutrient Based Subsidy Scheme** | | |
| Subsidy Receivable from Government | 1,83,562.53 | 1,73,915.35 |
| **TOTAL** | **1,83,562.53** | **1,73,915.35** |
| Less: Allowance for doubtful debts | 458.29 | 966.38 |
| **TOTAL** | **1,83,104.24** | **1,72,948.97** |

## Notes to the Financial Statements

### 13. Cash and cash equivalents

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Cash on hand | 7.61 | 4.28 |
| **Balances with banks** | | |
| In current accounts | 1,421.43 | 3,693.22 |
| | **1,429.04** | **3,697.50** |

### 14. Other bank balances

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| In Unclaimed dividend account-restricted | 544.82 | 544.35 |
| In Fractional bonus account-restricted | - | 10.58 |
| In Deposit accounts (original maturity more than three months) | 547.43 | 647.57 |
| **TOTAL** | **1,092.25** | **1,202.50** |

If the dividend has not been claimed within 30 days from the date of its declaration, the Company is required to transfer the total amount of the dividend which remains unpaid or unclaimed, to a special account to be opened by the Company in a scheduled bank to be called "Unpaid Dividend Account". The unclaimed dividend lying in such account is required to be transferred to the Investor Education and Protection Fund (IEPF), administered by the Central Government after a period of seven years from the date of declaration. Company has transferred Unclaimed Dividend upto FY 2011 – 2012 to IEPF upto March 31, 2020.

### 15. Loans

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Secured, considered good** | | |
| Loans to employees* | 18,254.54 | 16,462.37 |
| **Unsecured, considered good** | | |
| Advances to employees | 58.83 | 65.15 |
| Other loans to employees | 836.57 | 873.53 |
| Interest accrued | 14.19 | 25.07 |
| Others | 62.84 | 19.66 |
| | **19,226.97** | **17,445.78** |

**Notes:**

* The loans are secured by mortgage of the underlying assets and are repayable on demand.

Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counter parties. These financial assets are carried at amortised cost.

# Notes to the Financial Statements

## 16. Other current financial assets

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Financial assets at fair value through profit & loss** | | |
| Derivatives not designated in hedging relationship | | |
| Foreign exchange derivative contracts | - | 9.40 |
| **Financial assets at amortised cost** | | |
| Others | 886.69 | 227.59 |
| **TOTAL** | **886.69** | **236.99** |

## 17. Other Current Assets

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Unsecured, considered good** | | |
| Balances with govt. agencies | 9,970.42 | 12,413.70 |
| Advances to suppliers* | 8,872.06 | 8,367.18 |
| Prepaid expenses | 126.19 | 421.28 |
| Prepayment for Lease hold lands | 355.98 | 355.98 |
| Advance Paid Towards Equity Contribution** | 1,520.00 | - |
| **TOTAL** | **20,844.65** | **21,558.14** |

* includes advances to related parties ₹ 7242.80 lakhs (₹ 7027.18 lakhs as at 31st March, 2019).

** Advance towards share application money for purchase of 1,52,00,000 equity shares of Face value ₹ 10 each of GSFC Agrotech Ltd.

## 18. Assets held for sale

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Assets classified as held for sale* | 703.98 | 703.98 |
| **TOTAL** | **703.98** | **703.98** |

* Expected net realizable value is higher than carrying amount.

- The Company decided to sell plant and machinery amounting to ₹ 300.26 Lakhs which is of obsolete technology. The Company expects to sell the same in near future. There is no cost to sell the asset and hence the same is not presented seperately under liabilities.

- The company acquired possession of Residential Property located at New Delhi against outstanding receivables, value of which amounts to ₹ 403.72 Lakhs.

## 19. Share Capital

(₹ in lakhs)

| Particulars | As at 31st March 2020 | | As at 31st March 2019 | |
|---|---|---|---|---|
| | Number of shares Refer Note (a) below | Amount | Number of shares Refer Note (a) below | Amount |
| **Authorised** | | | | |
| Equity Shares of ₹ 2/- each | 1,00,00,00,000 | 20,000.00 | 1,00,00,00,000 | 20,000.00 |
| Redeemable Cumulative Preference Shares of ₹100/- each | 1,60,00,000 | 16,000.00 | 1,60,00,000 | 16,000.00 |
| | | 36,000.00 | | 36,000.00 |
| **Issued, Subscribed and Paid up:** | | | | |
| **Issued** | | | | |
| Equity Shares: Face value of ₹ 2/- each | | | | |
| Shares outstanding at beginning of the year | 39,91,21,850 | 7,982.44 | 39,91,21,850 | 7,982.44 |
| Shares outstanding at year end | **39,91,21,850** | **7,982.44** | **39,91,21,850** | **7,982.44** |
| **Subscribed** | | | | |
| Equity Shares: Face value of ₹ 2/- each | | | | |
| Shares outstanding at beginning of the year | 39,90,69,685 | 7,981.39 | 39,90,69,685 | 7,981.39 |
| Shares outstanding at year end | **39,90,69,685** | **7,981.39** | **39,90,69,685** | **7,981.39** |
| **Paid-up** | | | | |
| Equity Shares: Face value of ₹ 2/- each | | | | |
| Shares outstanding at beginning of the year | 39,84,77,530 | 7,969.55 | 39,84,77,530 | 7,969.55 |
| Shares outstanding at year end | **39,84,77,530** | **7,969.55** | **39,84,77,530** | **7,969.55** |
| **TOTAL** | **39,84,77,530** | **7,969.55** | **39,84,77,530** | **7,969.55** |

### a) Reconciliation of Shares outstanding at the beginning and the end of the reporting period

(₹ in lakhs)

| Particulars | As at 31st March 2020 | | As at 31st March 2019 | |
|---|---|---|---|---|
| | Number of shares | Amount | Number of shares | Amount |
| **Equity Shares** | | | | |
| At the beginning of the year | 39,84,77,530 | 7,969.55 | 39,84,77,530 | 7,969.55 |
| Issued / Reduction, if any during the year | - | - | - | - |
| Outstanding at the end of the year | 39,84,77,530 | 7,969.55 | 39,84,77,530 | 7,969.55 |

### b) Rights, preferences and restrictions attached to shares

#### Equity shares

The Company has one class of equity shares having a par value of ₹ 2 each. Each shareholder is eligible for one vote per share held. The dividend proposed by Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### c) Shareholders holding more than 5% of equity share capital

| Particulars | As at 31st March 2020 | | As at 31st March 2019 | |
|---|---|---|---|---|
| | Number of shares | Percentage of holding | Number of shares | Percentage of holding |
| Gujarat State Investments Limited | 15,07,99,905 | 37.84 | 15,07,99,905 | 37.84 |
| Life Insurance Corporation of India | 3,17,97,658 | 7.98 | 3,17,97,658 | 7.98 |
| Fidelity Puritan Trust-Fidelity Low priced stock fund | 2,85,00,000 | 7.15 | 2,85,00,000 | 7.15 |

d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date : NIL

e) Calls Unpaid: NIL, Forfeited Shares : ₹ 11.84 Lakhs

**20. Other equity** (₹ in lakhs)

| Particulars | Reserves & Surplus | | | | | Items of OCI | |
|---|---|---|---|---|---|---|---|
| | Capital reserve | Security premium | Capital redemption reserve | General reserve | Retained earnings | Equity Instruments through OCI | Total Equity |
| **Balance as at April 01, 2018** | **1,256.33** | **30,524.02** | **3,335.00** | **4,46,153.31** | **43,206.47** | **1,93,750.09** | **7,18,225.22** |
| Profit for the year | - | - | - | - | 49,368.45 | - | 49,368.45 |
| Other comprehensive income for the year net of income tax | - | - | - | - | - | (37,373.54) | (37,373.54) |
| Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax | - | - | - | - | (837.02) | - | (837.02) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **48,531.43** | **(37,373.54)** | **11,157.89** |
| Dividends paid [Note 20] | - | - | - | - | (8,766.51) | - | (8,766.51) |
| Dividend Distribution Tax (DDT) [Note 20] | - | - | - | - | (1,801.90) | - | (1,801.90) |
| Transfer to General reserve | - | - | - | 38,000.00 | (38,000.00) | - | - |
| **Balance as at March 31, 2019** | **1,256.33** | **30,524.02** | **3,335.00** | **4,84,153.31** | **43,169.49** | **1,56,376.56** | **7,18,814.71** |
| **Balance as at April 01, 2019** | **1,256.33** | **30,524.02** | **3,335.00** | **4,84,153.31** | **43,169.49** | **1,56,376.56** | **7,18,814.71** |
| Profit for the year | - | - | - | - | 9,869.64 | - | 9,869.64 |
| Other comprehensive income for the year net of income tax | - | - | - | - | - | (26,181.19) | (26,181.19) |
| Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax | - | - | - | - | (20,119.63) | - | (20,119.63) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **(10,249.99)** | **(26,181.19)** | **(36,431.18)** |
| Dividends paid [Note 20] | - | - | - | - | (8,766.50) | - | (8,766.50) |
| Dividend Distribution Tax (DDT) [Note 20] | - | - | - | - | (1,801.98) | - | (1,801.98) |
| **Balance as at March 31, 2020** | **1,256.33** | **30,524.02** | **3,335.00** | **4,84,153.31** | **22,351.02** | **1,30,195.36** | **6,71,815.04** |

**Distributions made and proposed** (₹ in lakhs)

| Particulars | Amount |
|---|---|
| **Cash dividends on equity shares declared and paid:** | |
| Final dividend for the year ended on 31 March 2019: ₹ 2.20 per share (31 March 2018: ₹ 2.20 per share) | 8,766.50 |
| DDT on final dividend | 1,801.98 |
| **Total cash dividends declared and paid** | **10,568.48** |
| **Proposed dividends on Equity shares:** | |
| Final dividend for the year ended on 31 March 2020: ₹ 1.20 per share (31 March 2019: ₹ 2.20 per share) | 4,781.73 |
| **Total Proposed dividends** | **4,781.73** |
| Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability | |

1. **Capital Reserve:** This reserve has been created from amounts forfeited on shares not fully paid up, scheme of capital subsidy for industries in backwards areas, etc. It is not available for distribution of dividend.
2. **Securities Premium:** The amount received in excess of face value of the Rights Equity shares issued have been recognised in Share Premium Reserve, etc. It is not available for distribution of dividend.
3. **Capital Redemption Reserve:** Capital Redemption Reserve has been created against the redemption of preference shares in earlier years. It is not available for distribution of dividend.
4. **General Reserve:** General Reserve represents a reserve other than capital reserve which is not earmarked for a specific purpose.
5. **Retained Earnings:** Retained Earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.
6. **Other comprehensive income (OCI):** OCI comprises items of income and expenses (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by Indian Accounting Standards. The components of OCI include: re-measurements of defined benefit plans, gains and losses arising from investment in equity instruments.

## 21. Long term borrowings

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Secured** | | |
| Term loan from bank* | 9,333.33 | 14,666.67 |
| **TOTAL** | **9,333.33** | **14,666.67** |

**Note:**

The term loan from bank comprises of Rupee Term Loan (RTL) from EXIM bank for 40,000 MTPA Melamine III Project at Baroda Unit of GSFC having tenure of 5 years. The sanctioned limit of the loan is ₹ 500 Crores carrying G-sec rate prevailing as on the date of disbursement with spread of 160 bps (G – sec rate and spread is subject to reset annually). GSFC had outstanding balance of ₹ 146.67 Crores as on 31.03.2020. The effective rate of interest was 8.14%. This loan is secured by hypothecation of movable fixed assets of the said project. The principal amount of loan is repayable over a period of 15 equal quarterly installments commencing after a moratorium of 18 months from the date of first disbursement which was due on 01.04.2019 and GSFC has repaid principal amount of ₹ 53.33 Crores during F.Y. 2019-20. Future Repayment is due as under :

| Financial Year | Amount in ₹ Lakhs |
|---|---|
| 2020-21 | 5,333.33 |
| 2021-22 | 5,333.33 |
| 2022-23 | 4,000.00 |

## 22. Long term provisions

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Provision for employee benefits** | | |
| Provision for Gratuity (Refer Note 37) | 16,254.74 | 5,714.52 |
| Provision for Pension (Refer Note 37) | 34,068.06 | 19,373.43 |
| Provision for Compensated absences | 23,137.67 | 16,454.70 |
| Provision for Post Retirement Medical Benefit Scheme (PRMBS) (Refer Note 37) | 4,652.65 | 3,839.45 |
| **Other Provisions** | | |
| Provision for Asset Retirement Obligation | 2,032.64 | 1,808.24 |
| **TOTAL** | **80,145.76** | **47,190.34** |

### Movement in provision for Asset Retirement Obligation:

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Balance at Beginning of Year | 1,808.24 | 1,648.11 |
| Additional provision recognised | 224.40 | 160.13 |
| Provision Utilized | - | - |
| Balance at Closing of Year | 2,032.64 | 1,808.24 |

23.

A Income tax asset (net) (₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Advance payment of Income Tax (net)** | **15,121.97** | **9,901.82** |

B- Current tax liabilities (net) (₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Provision for Income Tax (net) | 499.07 | 499.07 |

C Deferred tax liabilities (net)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **(a) Statement of Profit & loss** | | |
| **Profit & loss section** | | |
| Current income tax charge (net of MAT credit entitlement) | - | 11,633.15 |
| Deferred tax relating to origination & reversal of temporary differences | 2,479.03 | 5,311.05 |
| Earlier Year Tax | 348.89 | 228.98 |
| **Income tax expense reported in the statement of profit or loss** | **2,827.91** | **17,173.18** |
| **(b) Other comprehensive income section** | | |
| Unrealised (gain)/loss on FVTOCI equity securities | (2,211.04) | (7,346.07) |
| Net loss/(gain) on remeasurements of defined benefit plans | (10,807.00) | (449.59) |
| **Income tax charged to OCI** | **(13,018.04)** | **(7,795.67)** |
| **(c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended** | | |
| **Accounting profit before income tax** | **12,697.56** | **66,541.63** |
| Statutory income tax rate | 34.944% | 34.944% |
| Tax at statutory income tax rate of 34.944% | **4,437.03** | **23,252.31** |
| **Tax effects of :** | | |
| Income not subject to tax | (1,631.06) | (1,323.74) |
| Inadmissiable expenses or expenses treated seperately | 13,997.25 | 8,929.45 |
| Admissiable deductions | (16,080.12) | (14,152.87) |
| Deduction Under chapter - VI | (723.10) | (5,072.01) |
| Deferred tax on other items | 2,479.02 | 5,311.05 |
| **Total Tax effects** | **(1,958.01)** | **(6,308.12)** |
| **Income tax expense** | **2,479.02** | **16,944.19** |
| Earlier year tax | 348.89 | 228.98 |
| **Income tax expense reported in statement of Profit & loss** | **2,827.91** | **17,173.17** |

**(d) Deferred tax relates to the following:** **(₹ in lakhs)**

| | Balance sheet | | Profit & loss | |
|---|---|---|---|---|
| | **31-Mar-20** | **31-Mar-19** | **2019-20** | **2018-19** |
| Property, plant and equipment | (56,501.48) | (50,543.44) | 5,958.04 | 4,765.30 |
| Expenses allowable for tax purpose when paid | 11,295.56 | 8,287.35 | (3,008.20) | 640.28 |
| Investments in Equity instruments | 21,319.36 | 19,108.32 | (2,211.04) | (7,346.07) |
| Fair valuation of deposits | 0.36 | 0.41 | 0.05 | 0.23 |
| Actuarial loss on Defined Benefit Plans | 20,012.89 | 9,205.89 | (10,807.00) | (449.60) |
| Fair valuation of Derivatives | (6.65) | (6.65) | - | 0.01 |
| Machinery Spares | 1,464.17 | 1,464.17 | - | - |
| Provision for PF Contribution | 310.22 | - | (310.22) | - |
| Allowance for doubtful debts | 5,378.18 | 5,303.07 | (75.11) | 12.98 |
| ARO provision-Windmill | 440.46 | 389.91 | (50.55) | (55.96) |
| ARO provision-Solar | 3.42 | - | (3.42) | - |
| Leasehold Building IND AS | 14.98 | - | (14.98) | - |
| ICDS Impact | 112.42 | 95.83 | (16.59) | (51.80) |
| Reclassification of MAT Credit entitlement | 2,919.04 | 4,688.47 | 1,769.43 | (554.39) |
| **Deferred tax expense/(income)** | | | **(8,769.59)** | **(3,039.02)** |
| **Net deferred tax assets/(liabilities)** | **6,762.92** | **(2,006.67)** | | |
| **Reconciliation of deferred tax liabilities (net):** | | | | |
| **Opening Balance as at** | **31-Mar-19** | **31-Mar-18** | | |
| | **(2,006.67)** | **(5,045.68)** | | |
| Tax income/(expense) during the period recognised in P&L | (2,479.02) | (5,311.05) | | |
| Tax income/(expense) MAT credit recognised in P&L | (1,769.43) | 554.39 | | |
| Tax income/(expense) during the period recognised in OCI | 13,018.04 | 7,795.67 | | |
| **Closing balance as at** | **6,762.92** | **(2,006.67)** | | |
| | **31-Mar-20** | **31-Mar-19** | | |

**Notes:**

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

# Notes to the Financial Statements

## 24. Financial Liabilities- borrowings

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Secured** | | |
| **Loans repayable on demand** | | |
| **From Banks** | | |
| Cash credit account * | 4,149.44 | 16,365.96 |
| **Unsecured** | | |
| **Loans repayable on demand** | | |
| Short term working capital demand loan/over drafts from banks | 21,186.61 | 2.83 |
| Inter Corporate Deposits | 54,000.00 | 70,500.00 |
| **Other loans and advances** | | |
| Commercial papers | 30,000.00 | - |
| Buyers credit and bill discounting facility | 31,905.40 | - |
| **TOTAL** | **1,41,241.45** | **86,868.79** |

* The Cash credit facility from consortium of banks is secured by hypothecation of stock of raw materials, finished products, packing materials, general stores, spares, book debts etc. of the Company.

**Interest rate details for short term borrowings:**

(i) Cash credit accounts carrier interest rates ranging from 7.70% to 9.45% p.a.

(ii) Working capital demand loan carries interest rate ranging from 6.60% to 7.35% p.a.

(iii) Inter Corporate Deposits carries interest rates ranging from 5.42% to 7.75% p.a.

(iv) Commercial papers carries interest at ranging from 5.26% to 7.19% p.a.

(v) Buyers credit carries interest at ranging from 1.04% to 2.35% p.a.

## 25. Current financial liabilities-trade payables

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Due to Micro, Small and Medium Enterprises (MSMED)* | 494.13 | 1,057.41 |
| Others** | 40,203.20 | 98,893.71 |
| **TOTAL** | **40,697.33** | **99,951.12** |

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year | 494.13 | 1,057.41 |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year | NIL | NIL |
| (iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day | NIL | NIL |
| (iv) The amount of interest due and payable for the year | NIL | NIL |
| (v) The amount of interest accrued and remaining unpaid at the end of the accounting year | NIL | NIL |
| (vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | NIL | NIL |

*Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

**The above balances include trade payables to related parties ₹ 16.63 Lakhs (₹ 1715.99 Lakhs as on 31 March 2019) Refer Note 39.

## 26. Other current financial liabilities

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Financial liabilities at fair value through profit & loss** | | |
| Derivatives not designated in hedging relationship | | |
| Foreign exchange derivative contracts | 28.28 | - |
| **Other financial liabilities at amortised cost** | | |
| Current maturities of long term debt | 5,333.33 | 5,333.33 |
| Interest accrued but not due on borrowings | 225.58 | 489.12 |
| Unclaimed dividend* | 544.82 | 544.35 |
| Deposits received | 5,432.84 | 5,330.78 |
| Dues to shareholders for fractional bonus shares | - | 19.42 |
| Liability towards employee benefits | 5,401.93 | 5,684.92 |
| Creditors for capital goods | 12,330.71 | 25,873.71 |
| Lease Liabilities** | 246.47 | - |
| Other payables | 34.51 | 43.27 |
| **TOTAL** | **29,578.47** | **43,318.90** |

* These figures do not include any amounts due and outstanding to be credited to Investor Education and Protection Fund.

**** Details of Lease Liabilities :**

| Movement of Lease Liabilities was as under: | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Opening Balance | - | - |
| Add: Additions (Transitional impact on adoption of Ind AS 116) | 373.25 | - |
| Add: Interest recognised during the year | 42.86 | - |
| Less: Payment Made | 169.64 | - |
| Closing Balance | 246.47 | - |

| Contractual maturities of lease liabilities on an undiscounted basis: | As at 31st March, 2020 |
|---|---|
| - Less than one year | 157.62 |
| - One to Five years | 88.85 |
| Closing Balance | 246.47 |

## 27. Other current liabilities

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Advances from customers | 1,707.39 | 1,543.87 |
| Statutory dues | 6,107.71 | 1,751.36 |
| Income received in advance | 3.80 | 3.28 |
| **TOTAL** | **7,818.90** | **3,298.51** |

## 28. Provisions

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Provision for employee benefits** | | |
| Provision for Gratuity (Refer note 37) | 2,382.35 | 1,812.46 |
| Provision for Pension (Refer note 37) | 5,833.69 | 4,476.75 |
| Provision for Compensated absences* | 3,989.48 | 3,507.67 |
| Provision for PRMBS (Refer note 37) | 236.72 | 210.39 |
| **Other Provision**** | 887.76 | 530.00 |
| **TOTAL** | **13,330.00** | **10,537.27** |

* * The provision for Compensated absences pertains to accrued ordinary and sick leave entitlements. The change in carrying amount of the provision results from additional provision recognized net of benefits paid.

** Employees' Provident Fund Trust of the Company (GSFC-EPFT) is holding investments aggregating to ₹ 4767 Lakhs in various debt securities issued by IL&FS Group, Dewan Housing Finance Corporation Ltd., Yes Bank Ltd. & Reliance Group. In view of uncertainties regarding recoverability of such investment, the Company has, as a matter of prudence, made a provision of ₹ 1030 Lakhs (21.61%) upto FY 2019-20, of which ₹ 500 Lakhs was provided during FY 2019-20, towards probable incremental employee benefit liability that may arise on the Company on account of any likely shortfall of the GSFC-EPFT in meeting its obligations.Out of this ₹ 142.24 Lakh has been paid in FY 2019-20. (Previous year ₹ NIL). In future company will make provision looking to the development in the matter.

## 29. Revenue from operations

(₹ in lakhs)

| Particulars | Year ended 31st March, 20 | Year ended 31st March, 19 |
|---|---|---|
| **Revenue from sale of products (including subsidy on fertilizers)** | | |
| - Manufactured / Generated products | 6,15,813.88 | 6,56,049.91 |
| - Traded products | 1,46,268.55 | 2,01,403.74 |
| **Total** | **7,62,082.43** | **8,57,453.65** |
| **Revenue from operation above includes:-** | | |
| **Subsidy from Government of India under New Urea Policy/Nutrient Based Subsidy Scheme** | | |
| Pertaining to current year | 2,33,857.00 | 2,46,113.00 |
| Pertaining to earlier years determined during current year | 12,129.00 | 10,369.00 |
| **TOTAL** | **2,45,986.00** | **2,56,482.00** |

As per amendment made by Department of Fertilizers vide notification dated 30th March, 2020 in Modified NPS – III Policy of Urea effective from 2nd April, 2014, the company will be compensated additional ₹ 500 per MT for Urea sales from April, 2014 onwards. Accordingly, the company has recognized Urea subsidy income of ₹ 10375.43 Lakhs in FY 2019-20 out of which ₹ 8747.75 Lakhs pertains to previous years.

## 30. Other income

(₹ in lakhs)

| Particulars | Year ended 31st March, 20 | Year ended 31st March, 19 |
|---|---|---|
| Interest | 1,985.79 | 3,284.65 |
| Dividend from long term investments | 3,538.40 | 3,705.86 |
| Rent | 171.29 | 157.19 |
| Insurance claims | 1,374.56 | 562.37 |
| Excess provision no longer required | 1,042.80 | 1,353.07 |
| Scrap sales | 542.78 | 753.19 |
| Miscellaneous income | 2,263.39 | 673.49 |
| **TOTAL** | **10,919.01** | **10,489.82** |

## Notes to the Financial Statements

### 31. Cost of material consumed

(₹ in lakhs)

| Particulars | Year ended 31st March, 20 | Year ended 31st March, 19 |
|---|---|---|
| **Raw Materials** | | |
| Opening stock | 35,213.05 | 25,309.60 |
| Add: Purchases | 3,54,364.03 | 4,32,505.52 |
| Less: Closing stock | 29,874.83 | 35,213.05 |
| **TOTAL** | **3,59,702.25** | **4,22,602.07** |

### 32. Changes in inventory of finished goods, work in process and stock in trade

(₹ in lakhs)

| Particulars | Year ended 31st March, 20 | Year ended 31st March, 19 |
|---|---|---|
| Opening stock | | |
| Finished products | 63,386.86 | 30,648.95 |
| Stock in trade | 22,234.85 | 6,155.74 |
| Work-in-process | 1,534.20 | 1,582.77 |
| | **87,155.91** | **38,387.46** |
| Less: Closing stock | | |
| Finished products | 50,494.23 | 63,386.86 |
| Stock in trade | 24,433.11 | 22,234.85 |
| Work-in-process | 2,009.54 | 1,534.20 |
| | **76,936.88** | **87,155.91** |
| **(Increase) / Decrease** | **10,219.04** | **(48,768.45)** |

### 33. Employee benefit expenses

(₹ in lakhs)

| Particulars | Year ended 31st March, 20 | Year ended 31st March, 19 |
|---|---|---|
| Salaries, wages, bonus | 56,130.04 | 37,415.45 |
| Contribution to provident, gratuity and superannuation (pension) funds (including provisions) | 8,751.94 | 7,915.50 |
| Staff Welfare expenses | 6,543.79 | 6,791.79 |
| **TOTAL** | **71,425.77** | **52,122.73** |

- Employee benefit expenses includes R&D salary expenses of ₹ 1001.68 lakhs (previous year ₹ 895.91 lakhs)(Refer note no. 42)

- Long Term Wage Revision was due from 1st January 2019 for Staff and Officers of Baroda Unit. The same has been amicably settled and paid. For Sikka Unit, Polymer Unit and Fibre Unit, necessary provisions has been made for Pay revision from due date to 31st March 2020. Wage revision remains valid for four years.

### 34. Finance costs

(₹ in lakhs)

| Particulars | Year ended 31st March, 20 | Year ended 31st March, 19 |
|---|---|---|
| Interest | | |
| - borrowings | 10,535.68 | 5,073.58 |
| - others | 464.92 | 439.23 |
| Other borrowing cost | 468.66 | 613.32 |
| **TOTAL** | **11,469.26** | **6,126.13** |

## 35. Other expenses

(₹ in lakhs)

| Particulars | Year ended 31st March, 20 | Year ended 31st March, 19 |
|---|---|---|
| Consumption of stores and spare parts | 12,747.32 | 10,324.33 |
| Water | 2,946.28 | 2,905.24 |
| Packing expenses | 8,464.38 | 9,669.91 |
| Repairs to buildings | 337.14 | 430.54 |
| Repairs to machinery | 6,249.08 | 6,307.36 |
| Other repairs | 673.99 | 829.58 |
| Insurance | 1,011.02 | 580.82 |
| Rent, rates and taxes | 2,121.97 | 336.42 |
| Product transportation, distribution & loading & unloading charges | 33,382.84 | 35,238.83 |
| Depots and farm information centers expense | 4,560.16 | 3,241.58 |
| Marketing expense reimbursement, demonstration, extension services and publicity etc. | 701.77 | 864.90 |
| Foreign exchange gain/loss (net) | 3,102.88 | 6,909.72 |
| Directors sitting fees | 8.90 | 7.30 |
| Auditors' remuneration * | 23.07 | 25.15 |
| Cost auditors' fees | 5.17 | 5.16 |
| Loss on fixed assets sold/discarded | 424.08 | 17.23 |
| Allowance for doubtful debts | 536.08 | 38.86 |
| Amortisation of leasehold land | 355.98 | 355.98 |
| Donations and contributions | 878.14 | 411.09 |
| Miscellaneous | 4,256.10 | 4,295.23 |
| Impairment in value of Investment | 870.03 | - |
| **TOTAL** | **83,656.38** | **82,795.21** |
| Other expenses includes R&D expenses of ₹ 13.13 lakhs (previous year ₹ 10.43 lakhs) in respective heads (Refer note no. 42) | | |

***Auditors' remuneration**

| Particulars | Year ended 31st March, 20 | Year ended 31st March, 19 |
|---|---|---|
| **Payment to Statutory Auditors:** | | |
| For Statutory audit | 7.00 | 7.00 |
| For Taxation matters | 2.00 | 2.00 |
| For other services (including Limited Review fees & certification) | 12.42 | 14.65 |
| For Reimbursement of expenses | 1.65 | 1.50 |
| | **23.07** | **25.15** |

## 36. Earnings per share (EPS):

(₹ in lakhs)

| Particulars | Year ended 31st March, 20 | Year ended 31st March, 19 |
|---|---|---|
| **i. Profit attributable to Equity holders of the Company** | | |
| **Profit attributable to equity holders of the Company** | | |
| Continuing operations | 9,869.64 | 49,368.45 |
| Discontinued operations | - | - |
| Profit attributable to equity holders of the Company for basic earnings | 9,869.64 | 49,368.45 |
| Effect of dilution | - | - |
| **Profit attributable to equity holders of the Company adjusted for the effect of dilution** | **9,869.64** | **49,368.45** |
| **ii. Weighted average number of ordinary shares** | | |
| Issued ordinary shares | 39,84,77,530 | 39,84,77,530 |
| Effect of dilution | - | - |
| | 39,84,77,530 | 39,84,77,530 |
| **Basic EPS (₹)** | 2.48 | 12.39 |
| **Diluted EPS (₹)** | 2.48 | 12.39 |
| **Nominal value per share (₹)** | 2.00 | 2.00 |

## 37. Employment benefit plans

**a) The Company operates post employment and other long term employee benefits defined plans as follows:**

**I. Funded**

i. Gratuity

ii. Pension

**II. Unfunded**

i. Post retirement medical benefit scheme

Aforesaid post-employment benefit plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

**Investment Risk:** The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

**Interest Risk:** A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.

**Longevity Risk:** The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary Risk:** The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

**b) Defined contribution plans:**

Amount towards Defined Contribution Plans have been recognised under "Contributions to Providend, Gratuity and Superannuation Fund (pension) Funds (including provisions)" in Note : 33 ₹ 4049.22 lakhs for FY 2019-20 (₹ 2996.94 lakhs for FY 2018-19).

## 37. Employment benefit plans (Contd...)

### c) Details of funded & unfunded plans are as follows:

(₹ in lakhs)

| Description | Pension | | Gratuity | |
|---|---|---|---|---|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| **1. Changes In Present Value of obligation** | | | | |
| a. Obligation as at the beginning of the year | 61,093.93 | 61,080.53 | 29,003.72 | 27,860.47 |
| b. Current Service Cost | 798.02 | 796.25 | 1,284.48 | 1,259.31 |
| c. Interest Cost | 4,752.04 | 4,739.84 | 2,232.93 | 2,182.49 |
| d. Actuarial (Gain)/Loss | 18,870.75 | 303.51 | 10,969.21 | 741.81 |
| e. Benefits Paid | (5,637.82) | (5,826.19) | (3,054.02) | (3,040.36) |
| f. Obligation as at the end of the year | 79,876.92 | 61,093.93 | 40,436.32 | 29,003.72 |
| The defined benefit obligation is | Funded | Funded | Funded | Funded |
| **2. Changes in Fair Value of Plan Assets** | | | | |
| a. Fair Value of Plan Assets as at the beginning of the year | 37,243.76 | 35,631.39 | 21,476.75 | 21,376.92 |
| b. Expected return on Plan Assets | 2,896.82 | 2,765.00 | 1,654.18 | 1,674.89 |
| c. Actuarial Gain/(Loss) | (170.10) | (107.38) | (8.02) | (70.52) |
| d. Contributions | 5,642.52 | 4,780.95 | 1,730.34 | 1,535.82 |
| e. Benefits Paid | (5,637.82) | (5,826.19) | (3,054.02) | (3,040.36) |
| f. Fair Value of Plan Assets as at the end of the year | 39,975.18 | 37,243.76 | 21,799.23 | 21,476.75 |
| **3. Amount Recognised In The Balance Sheet** | | | | |
| a. Fair Value of Plan Assets as at the end of the year | 39,975.18 | 37,243.76 | 21,799.23 | 21,476.75 |
| b. Present Value of Obligation as at the end of the year | (79,876.92) | (61,093.93) | (40,436.32) | (29,003.72) |
| c. Amount recognised in the Balance Sheet | (39,901.74) | (23,850.18) | (18,637.09) | (7,526.97) |
| **4. Expense recognised in P & L during the year** | | | | |
| a. Current Service Cost | 798.02 | 796.25 | 1,284.48 | 1,259.31 |
| b. Net Interest Cost | 1,855.22 | 1,974.84 | 578.75 | 507.60 |
| c. Expense recognised during the year | 2,653.24 | 2,771.09 | 1,863.23 | 1,766.91 |
| **5. Expense recognised in OCI during the year** | | | | |
| a. Return on Plan Assets, Excluding Interest Income | 170.10 | 107.38 | 8.02 | 70.52 |
| b. Actuarial (Gain)/Loss recognised on Obligation | 18,870.75 | 303.51 | 10,969.21 | 741.81 |
| c. Net (Income)/Expense recognised during the year | 19,040.85 | 410.89 | 10,977.23 | 812.33 |
| **6. Investment Details of Plan Assets** | | | | |
| Administered by LIC of India | 100% | 100% | 100% | 100% |

| Maturity Profile | Pension | | Gratuity | | PRMBS | |
|---|---|---|---|---|---|---|
| Projeted benefit payable in future year from the date of reporting | 2019-20 | 2018-19 | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| 1st Following year | 9,062.84 | 8,264.41 | 5,040.86 | 3,763.98 | 236.72 | 210.39 |
| 2nd Following year | 6,172.27 | 4,781.35 | 3,119.60 | 2,314.11 | 250.37 | 222.75 |
| 3rd Following year | 11,280.78 | 7,264.87 | 5,260.30 | 3,367.34 | 265.79 | 235.95 |
| 4th Following year | 11,927.10 | 8,047.22 | 6,071.63 | 3,738.51 | 284.92 | 250.81 |
| 5th Following year | 10,537.22 | 9,450.90 | 4,902.16 | 4,350.66 | 299.73 | 269.05 |
| Sum of year 6 to 10 | 37,430.80 | 32,595.43 | 18,919.52 | 14,324.85 | 1,672.81 | 1,530.07 |
| Sum of year 11 and above | - | - | 21,074.56 | 16,530.70 | - | - |

**37. Employment benefit plans (Contd...)** (₹ in lakhs)

| Description | PRMBS | |
|---|---|---|
| | 2019-20 | 2018-19 |
| **1. Changes In Present Value of the defined benefit obligation** | | |
| a. Obligation as at the beginning of the year | 4,049.84 | 4,037.11 |
| b. Current Service Cost | 182.27 | 166.89 |
| c. Interest Cost | 315.08 | 290.54 |
| d. Actuarial (Gain)/Loss | 908.56 | 63.38 |
| e. Benefits Paid | (566.37) | (508.08) |
| f. Obligation as at the end of the year | 4,889.38 | 4,049.84 |
| The defined benefit obligation is | Unfunded | Unfunded |
| **2. Amount Recognised In The Balance Sheet** | | |
| a. Fair Value of Plan Assets as at the end of the year | — | — |
| b. Present Value of Obligation as at the end of the year | (4,889.38) | (4,049.84) |
| c. Amount recognised in the Balance Sheet | (4,889.38) | (4,049.84) |
| **3. Expense recognised in P & L during the year** | | |
| a. Current Service Cost | 182.27 | 166.89 |
| b. Interest Cost | 315.08 | 290.54 |
| c. Expense recognised during the year | 497.35 | 457.43 |
| **4. Expense recognised in OCI during the year** | | |
| a. Return on Plan Assets,Excluding Interest Income | — | — |
| b. Actuarial (Gain)/Loss recognised on Obligation | 908.56 | 63.38 |
| c. Net (Income)/Expense recognised during the year | 908.56 | 63.38 |

The expense is disclosed in Note No. 33 - “Employee Benefit Expenses”, Pension & Gratuity are disclosed in line item - Contribution to Provident Fund,and provision to Gratuity, Superannuation (Pension) Funds. Leave Encashment is disclosed in line item - Salaries, Wages and Bonus and PRMBS is disclosed in line item - Welfare funds.

| d) Assumptions | 31.03.2020 | 31.03.2019 |
|---|---|---|
| a. Discount Rate (per annum) | 6.84% | 7.78% |
| b. Estimated Rate of return on Plan Assets (per annum) | N.A. | N.A. |
| c. Salary Escalation Rate (per annum) | 6% | 6% |
| d. Salary Medical Inflation Rate (per annum) | N.A. | N.A. |

e. The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

f. The estimate of mortality rate during employment has been considered as per Indian Assured Lives Mortality (2006-08).

g. Provident Fund contributions are made to Trusts administered by the Company. The interest rate payable to the members of the Trusts shall not be lower than the statutory rate of interest declared by the Central Government under the Employees provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company.

## 37. Employment benefit plans (Contd...)

(₹ in lakhs)

| Description | 2019-20 | | |
|---|---|---|---|
| | Pension | Gratuity | PRMBS |
| **e) Effect of one percentage point change in the assumed Discount Rate** | | | |
| a. One percentage point increase in Discount Rate | (4,007.39) | (2,029.51) | (519.79) |
| b. One percentage point decrease in Discount Rate | 3,981.98 | 2,289.84 | 639.87 |
| **Effect of one percentage point change in the assumed Salary Escalation Rate** | | | |
| a. One percentage point increase in Salary Escalation Rate | 3,965.10 | 2,285.74 | NA |
| b. One percentage point decrease in Salary Escalation Rate | (4,062.15) | (2,078.19) | NA |
| **Effect of one percentage point change in the assumed medical inflation rate-Benefit Obligation** | | | |
| a. One percentage point increase in medical inflation rate | NA | NA | 652.17 |
| b. One percentage point decrease in medical inflation rate | NA | NA | (537.10) |

### f) Details of funded & unfunded plans are as follows:

( ₹ in lakhs)

| Pension | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 |
|---|---|---|---|---|---|
| **Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)** | | | | | |
| 1 Present Value of Defined Benefit Obligation | 79,876.92 | 61,093.93 | 61,080.53 | 58,669.04 | 50,362.00 |
| 2 Fair Value of Plan Assets | 39,975.18 | 37,243.76 | 35,631.39 | 32,985.70 | 31,863.73 |
| 3 Status [Surplus/(Deficit)] | (39,901.74) | (23,850.18) | (25,449.14) | (25,683.34) | (18,498.27) |
| 4 Experience Adjustment of Plan Assets [Gain/(Loss)] | (170.10) | (107.38) | 323.70 | 116.31 | - |
| 5 Experience/Assumptions Adjustment of obligation [(Gain)/Loss] | 18,870.75 | 303.51 | 1,858.06 | 7,958.89 | 15,143.18 |
| **Gratuity** | **2019-20** | **2018-19** | **2017-18** | **2016-17** | **2015-16** |
| **Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)** | | | | | |
| 1 Present Value of Defined Benefit Obligation | 40,436.32 | 29,003.72 | 27,860.47 | 27,890.11 | 26,260.45 |
| 2 Fair Value of Plan Assets | 21,799.23 | 21,476.75 | 21,376.92 | 19,143.29 | 18,443.70 |
| 3 Status [Surplus/(Deficit)] | (18,637.09) | (7,526.97) | (6,483.55) | (8,746.82) | (7,816.75) |
| 4 Experience Adjustment of Plan Assets [Gain/(Loss)] | (8.02) | (70.52) | 196.79 | 19.15 | - |
| 5 Experience/Assumptions Adjustment of obligation [(Gain)/Loss] | 10,969.21 | 741.81 | (1,134.55) | 636.00 | 4,665.37 |

## 37. Employment benefit plans (Contd...)

(₹ in lakhs)

| PRMBS | | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 |
|---|---|---|---|---|---|---|
| **Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)** | | | | | | |
| 1 | Present Value of Defined Benefit Obligation | 4,889.38 | 4,049.84 | 4,037.11 | 3,947.53 | 3,636.09 |
| 2 | Fair Value of Plan Assets | - | - | - | - | - |
| 3 | Status [Surplus/(Deficit)] | (4,889.38) | (4,049.84) | (4,037.11) | (3,947.53) | (3,636.09) |
| 4 | Experience Adjustment of Plan Assets [Gain/(Loss)] | - | - | - | - | - |
| 5 | Experience/Assumptions Adjustment of obligation [(Gain)/Loss] | 908.56 | 63.38 | 122.04 | 362.45 | 354.77 |

## 38. Commitment and contingencies

### a. Commitments

(₹ in lakhs)

| Particulars | | As at Mar-20 | As at Mar-19 |
|---|---|---|---|
| (i) | Estimated amount of contracts remaining to be executed on capital accounts and not provided | 6,897.18 | 12,757.00 |

### b. Contingent liabilities

(₹ in lakhs)

| Particulars | | As at Mar-20 | As at Mar-19 |
|---|---|---|---|
| **Claims against the Company not acknowledgement as debt** | | | |
| (i) | Excise and Customs duty | 9,122.86 | 12,366.00 |
| (ii) | Central sales tax and value added tax | 5,661.17 | 5,661.00 |
| (iii) | Income tax | 16,260.73 | 13,776.01 |
| (iv) | Other claims by: | | |
| | **Income tax assessment orders contested** | 3,289.00 | 5,674.20 |
| - | Others | 67,859.43 | 43,862.00 |
| - | Department of Fertilizers, total amount not quantifiable, demands stayed, matter pending with High Courts | Refer Note:12 | Refer Note:12 |
| - | Employees / ex-employees, contractual labour – pending before courts | Not ascertainable | Not ascertainable |

In respect of the above, the expected outflow will be determined at the time of final resolution of the dispute.

### c. Contingent Assets

The Company does not have any contingent assets.

## 39. Related party transactions

(₹ in lakhs)

| Name of the Party | Nature of Relationship | Nature of Transaction | 2019-20 | 2018-19 |
|---|---|---|---|---|
| GSFC Agrotech Limited | Subsidiary | Purchase of goods & Other expenses | 2,294.52 | 1,800.32 |
| | | Sale of materials/Goods | 29,101.75 | 44,360.68 |
| | | Commission income | 473.85 | 4.85 |
| | | Rent receipt | 9.15 | 9.15 |
| | | Reimbursement of expense | 444.71 | 80.98 |
| | | Expenses recovered | 1,180.49 | 1,033.60 |
| | | Equity contribution | 1,520.00 | - |
| | | ICD Received | 2,010.00 | 1,000.00 |
| | | ICD Repaid | 2,010.00 | 1,000.00 |
| | | Interest expense on ICD | 3.50 | 46.69 |
| | | Dividend Received | 48.00 | 48.00 |
| | | Outstanding balance-Payable | (1,721.98) | (757.64) |
| | | Outstanding balance-Receivable | 7,196.58 | 15,741.25 |
| Vadodara Enviro Channel Ltd. (Erstwhile Effluent Channel Project Ltd.) | Associate | Usage of effluent channel | 346.20 | 317.20 |
| | | Outstanding balance-Payable | 17.15 | 22.71 |
| Gujarat Green Revolution Company | Associate | Expenses recovered | 336.22 | 165.30 |
| | | ICD Received | 10,000.00 | 5,500.00 |
| | | ICD Repaid | | 5,500.00 |
| | | Interest expense on ICD | 595.18 | 33.86 |
| | | Dividend Received | 6.25 | 6.25 |
| | | Outstanding balance-Receivable | 194.78 | 58.27 |
| | | Outstanding balance - loan (ICD) | 10,000.00 | - |
| Karnalyte Resources Inc. | Associate | Expenses recovered | 156.04 | 85.87 |
| | | Provision for Investment | 870.03 | - |
| | | Outstanding balance-Payable | - | 15.72 |
| | | Outstanding balance-Receivable | 39.89 | - |
| Tunisian Indian Fertilizer Company (TIFERT) | Other related party | Purchase of Material | 35,300.58 | 33,545.39 |
| | | Expenses recovered | 38.80 | 26.57 |
| | | Provision for Investment | 1,802.67 | - |
| | | Advance to vendor | 7,242.80 | 7,027.18 |
| | | Outstanding balance-Receivable | 2,497.07 | 1,357.10 |
| GSFC Education society | Other related party | Donation Granted | 563.17 | 508.49 |
| | | Outstanding balance-Payable | 163.17 | - |
| Chairman & Managing Director | Key Management Personnel | Remuneration | 178.45 | 129.60 |
| V D Nanavaty – ED (Finance) & CFO | Key Management Personnel | | | |
| V V Vachhrajani, CS & SVP(Legal) | Key Management Personnel | | | |
| Gujarat Alkalies and Chemicals Limited | Other related party | Purchase of Materials | 1,824.15 | 2,401.10 |
| | | Sale of Product | 835.89 | 1,242.51 |
| | | Expenses recovered | 3.30 | 6.79 |
| | | Outstanding balance-payable | 118.75 | 112.47 |
| | | Dividend Received | 132.40 | 107.58 |
| | | Outstanding balance-receivable | 121.70 | 108.13 |
| Gujarat Narmada Valley Fertilizers Company Limited | Other Related Party | Purchase of Materials | 198.34 | 585.96 |
| | | Fees for Services | 30.20 | 34.17 |
| | | Sale of Material | 1,039.33 | 6,909.14 |
| | | Dividend Received | 2,154.54 | 2,308.44 |
| | | Outstanding balance-Payable | 0.62 | (14.62) |
| | | Outstanding balance-Receivable | 53.50 | 26.31 |

| Name of the Party | Nature of Relationship | Nature of Transaction | 2019-20 | 2018-19 |
|---|---|---|---|---|
| Gujarat Industries Power Company Limited. | Other Related Party | Purchase of power | 15,579.45 | 17,822.01 |
| | | Sale of power | 107.27 | 187.47 |
| | | Dividend Received | 648.52 | 603.79 |
| | | Expenses recovered | - | 20.46 |
| | | Outstanding balance-Receivable | 6.10 | 7.49 |
| | | Outstanding balance-Payable | 863.97 | 8.91 |
| Gujarat State Petroleum Corporation Ltd. | Other Related Party | Purchase of Gas | 21,539.82 | 3,854.86 |
| | | Fees for Services | - | 5.90 |
| | | Outstanding balance-payable | 338.22 | 99.99 |
| Indian Potash Ltd. | Other Related Party | Purchase of Material | 9,829.51 | 13,556.11 |
| | | Dividend Received | 33.75 | 33.75 |
| | | Outstanding balance-payable | 236.73 | 2,228.45 |
| The Fertilizer Association of India | Other Related Party | Fees for Services | 37.33 | 19.86 |

**Terms and conditions of transactions with related parties:**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Related Party Transaction amounts shown in above table are inclusive of taxes.Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31st March, 2019: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**Transactions with key management personnel:** **(₹ in lakhs)**

| Remuneration to key management personnel: | For the year ended | |
|---|---|---|
| | 31-Mar-20 | 31-Mar-19 |
| Short term employee benefits | 157.52 | 117.53 |
| Post employment benefits | 10.67 | 6.17 |
| Long-term employee benefits | 10.26 | 5.90 |
| **Total** | **178.45** | **129.60** |

## 40. Segment information

For management purposes, the company is organised into business units based on its products and has two reportable segments, as follows:

1. **Fertilizer products** comprising of Urea, Ammonium Sulphate, Di-ammonium Phosphate, Ammonium Phosphate Sulphate, NPK (12:32:16), (10:26:26), traded fertilizer products etc.
2. **Industrial products** comprising of Caprolactam, Nylon-6, Nylon Filament Yarn, Nylon Chips, Melamine, Methanol, Polymer products, traded industrial products etc.

   The Chief Operating Decision Maker ("CODM") evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by the two operating segments. The CODM reviews revenue and gross profit as the performance indicator for both operating segments.

(₹ in lakhs)

| A] | SEGMENT REVENUE: | 31-Mar-20 | 31-Mar-19 |
|---|---|---|---|
| 1 | TOTAL SEGMENT REVENUE | | |
| | a) Fertilizer Products | 6,06,123.01 | 6,39,814.54 |
| | b) Industrial Products | 1,55,959.42 | 2,17,639.11 |
| | TOTAL | 7,62,082.43 | 8,57,453.65 |
| 2 | INTER SEGMENT REVENUE | - | - |
| 3 | EXTERNAL REVENUE (1 - 2) | | |
| | a) Fertilizer Products | 6,06,123.01 | 6,39,814.54 |
| | b) Industrial Products | 1,55,959.42 | 2,17,639.11 |
| | TOTAL | 7,62,082.43 | 8,57,453.65 |
| B] | RESULT: | | |
| 1 | Segment result | | |
| | a) Fertilizer Products | 31,121.50 | 28,621.91 |
| | b) Industrial Products | (6,929.39) | 38,212.83 |
| | TOTAL | 24,192.11 | 66,834.74 |
| 2 | a) Unallocated income | 7,322.15 | 8,921.23 |
| | b) Unallocated expenses | (7,347.44) | (3,088.21) |
| 3 | Operating Profit (B1 + B2) | 24,166.82 | 72,667.76 |
| 4 | Finance Cost | (11,469.26) | (6,126.13) |
| 5 | Provision for Taxation: | | |
| | Current Income Tax | - | (12,322.52) |
| | Deferred Tax (net) | (2,479.03) | (5,311.05) |
| | MAT credit recognised | - | 689.37 |
| | Earlier Year Tax | (348.89) | (228.98) |
| 6 | Net Profit | 9,869.64 | 49,368.45 |
| C] | OTHER INFORMATION: | | |
| 1 | Segment assets | | |
| | a) Fertilizer Products | 5,09,548.07 | 5,30,188.52 |
| | b) Industrial Products | 2,15,257.30 | 2,08,934.42 |
| | TOTAL | 7,24,805.37 | 7,39,122.94 |
| 2 | Unallocated corporate assets | 2,77,623.53 | 2,95,998.65 |
| 3 | Total Assets | 10,02,428.90 | 10,35,121.59 |
| 4 | Segment Liabilities | | |
| | a) Fertilizer Products | 94,440.90 | 1,40,329.39 |
| | b) Industrial Products | 75,965.54 | 73,694.66 |
| | TOTAL | 1,70,406.44 | 2,14,024.05 |
| 5 | Unallocated corporate liabilities | 1,52,237.87 | 94,313.29 |
| 6 | Total Liabilities | 3,22,644.31 | 3,08,337.34 |

(₹ in lakhs)

| | | 31-Mar-20 | 31-Mar-19 |
|---|---|---|---|
| **7** | **Capital Expenditure** | | |
| | a) Fertilizer Products | 10,007.28 | 5,730.70 |
| | b) Industrial Products | 1,919.80 | 14,525.73 |
| | c) Corporate Capital Expenditure | 2,619.66 | 5,526.70 |
| | **TOTAL** | **14,546.74** | **25,783.13** |
| **8** | **Depreciation and Amortisation** | | |
| | a) Fertilizer Products | 8,062.95 | 7,420.69 |
| | b) Industrial Products | 8,693.87 | 4,946.40 |
| | c) Unallocated corporate Depreciation | 264.10 | 193.47 |
| | **TOTAL** | **17,020.92** | **12,560.56** |
| **9** | **Non-Cash expenses** | | |
| | a) Fertilizer Products | 27,324.23 | 6,024.31 |
| | b) Industrial Products | 18,915.28 | 3,775.33 |
| | c) Unallocated non-cash expenses | 274.73 | 44.27 |
| | **TOTAL** | **46,514.24** | **9,843.91** |

## 41. Financial instruments – Fair values and risk management

### A. Accounting classification and fair values

The carrying value of financial instruments by categories as of 31st March, 2020 is as follows. (₹ in lakhs)

| Particulars | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortised Cost | Total | Level 1 - Quoted price in active markets | Level 2 - Significant observable inputs | Level 3 - Significant unobservable inputs | Total |
| **Financial assets** | | | | | | | | |
| Non-current investments | - | 1,98,540.90 | 3,799.35 | 2,02,340.25 | 1,61,016.88 | - | 37,524.02 | 1,98,540.90 |
| Other Non-current financial asset | - | - | 3,000.06 | 3,000.06 | - | - | - | - |
| Trade receivables | - | - | 89,171.80 | 89,171.80 | - | - | - | - |
| Government subsidy receivable | - | - | 1,83,104.24 | 1,83,104.24 | - | - | - | - |
| Cash and cash equivalents | - | - | 1,429.04 | 1,429.04 | - | - | - | - |
| Other bank balances | - | - | 1,092.25 | 1,092.25 | - | - | - | - |
| Current loans | - | - | 19,226.97 | 19,226.97 | - | - | - | - |
| Derivative financial instruments | - | - | - | - | - | - | - | - |
| Other Current financial asset | - | - | 886.69 | 886.69 | - | - | - | - |
| | **-** | **1,98,540.90** | **3,01,710.40** | **5,00,251.30** | **1,61,016.88** | **-** | **37,524.02** | **1,98,540.90** |
| **Financial liabilities** | | | | | | | | |
| Non current borrowings | - | - | 9,333.33 | 9,333.33 | - | - | - | - |
| Current borrowings* | - | - | 1,41,241.45 | 1,41,241.45 | - | - | - | - |
| Trade payables* | - | - | 40,697.33 | 40,697.33 | - | - | - | - |
| Other current financial liabilities | - | - | 29,550.19 | 29,550.19 | - | - | - | - |
| Derivative financial instruments | 28.28 | - | - | 28.28 | - | 28.28 | - | 28.28 |
| | **28.28** | **-** | **2,20,822.30** | **2,20,850.58** | **-** | **28.28** | **-** | **28.28** |
| The carrying value of financial instruments by categories as of 31 st March, 2019 is as follows. | | | | | | | | (₹ in lakhs) |
| **Financial assets** | | | | | | | | |
| Non-current investments | - | 2,25,130.45 | 6,398.78 | 2,31,529.23 | 1,93,720.26 | - | 31,410.19 | 2,25,130.45 |
| Other Non-current financial asset | - | - | 4,415.80 | 4,415.80 | - | - | - | - |
| Trade receivables | - | - | 95,105.61 | 95,105.61 | - | - | - | - |
| Government subsidy receivable | - | - | 1,72,948.97 | 1,72,948.97 | - | - | - | - |
| Cash and cash equivalents | - | - | 3,697.50 | 3,697.50 | - | - | - | - |
| Other bank balances | - | - | 1,202.50 | 1,202.50 | - | - | - | - |
| Current loans | - | - | 17,445.78 | 17,445.78 | - | - | - | - |
| Derivative financial instruments | 9.40 | - | - | 9.40 | - | 9.40 | - | 9.40 |
| Other Current financial asset | - | - | 227.59 | 227.59 | - | - | - | - |
| | **9.40** | **2,25,130.45** | **3,01,442.53** | **5,26,582.38** | **1,93,720.26** | **9.40** | **31,410.19** | **2,25,139.85** |
| **Financial liabilities** | | | | | | | | |
| Non current borrowings | - | - | 14,666.67 | 14,666.67 | - | - | - | - |
| Current borrowings* | - | - | 86,868.79 | 86,868.79 | - | - | - | - |
| Trade payables* | - | - | 99,951.12 | 99,951.12 | - | - | - | - |
| Other current financial liabilities | - | - | 43,318.90 | 43,318.90 | - | - | - | - |
| Derivative financial instruments | - | - | - | - | - | - | - | - |
| | **-** | **-** | **2,44,805.47** | **2,44,805.47** | **-** | **-** | **-** | **-** |

* - carrying value approximates to the fair value

## B. Measurement of fair values & Sensitivity Analysis

### i) Valuation techniques and significant unobservable inputs

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

### Financial instruments measured at fair value

| Financial assets / financial liabilities | Fair Value (₹ In Lakhs) as at | | Fair Value hierarchy | Valuation technique(s) and key input(s) |
|---|---|---|---|---|
| | 31-03-2020 | 31-03-2019 | | |
| 1) Investments in equity instruments at FVTOCI (quoted) (see note 7) | Listed equity securities in various companies engaged in fertilizer, chemicals,finance, gas, power and mining industry aggregate fair value of ₹ 1,61,016.88 | Listed equity securities in various companies engaged in fertilizer, chemicals,finance, gas, power and mining industry aggregate fair value of ₹ 193,720.26 | Level 1 | Quoted bid prices in an active market |

| Particulars | Valuation technique(s) & key input(s) | Fair Value (₹ In Lakhs) as at | | Fair Value hierarchy | Significant unobservable input(s) | Relationship of unobservable input(s) to fair value |
|---|---|---|---|---|---|---|
| | | 31-03-2020 | 31-03-2019 | | | |
| 2) Investments in equity instruments at FVTOCI (unquoted) (see note 7) | Market Approach-Comparable companies-In this approach, the value of shares / business of a company is determined based on market multiples of publicly traded comparable companies. The appropriate multiple is generally based on performance of listed companies with similar business model and size (Refer note 1 below). | Investment in companies engaged in business of storage facilities - aggregate fair value of ₹ 23,263.21 | Investment in companies engaged in business of storage facilities - aggregate fair value of ₹ 23,177.37 | Level 3 | Market Multiple Discount ranging from 15% to 25% (As at 31.3.19 from 15% to 25%) | Increasing/Decreasing the Market Multiples by probability weighted range, would change the FV by + ₹ 3,838.37 lakhs & - ₹ 1,054.63 lakhs ( As at 31.3.19 +₹ 2,599.79 lakhs & -₹ 2,440.37 lakhs) |
| | | Investment in companies engaged in business of fertilizers industry - aggregate fair value of ₹ 12,115.35 | Investment in companies engaged in business of fertilizers industry - aggregate fair value of ₹ 6,242.18 | | Discount to EV/EBITDA Multiple ranging from -0.50% to 0.50% (As at 31.3.19 from -0.5% to 0.5%) | Increasing/Decreasing the Discounting Factor by probability weighted range, would change the FV by + ₹ 566.55 lakhs & -₹ 566.55 lakhs ( As at 31.3.19 + ₹ 827.89 lakhs & -₹ 1,138.16 lakhs) |
| | Income Approach- In this approach, discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee. | Investment in company engaged in fertilizer industry - aggregate fair value of ₹ NIL | Investment in company engaged in fertilizer industry - aggregate fair value of ₹ NIL | Level 3 | Growth Rate ranging NIL (As at 31.3.19 NIL) | Increasing/Decreasing the Growth Rate & Discounting Factor by probability weighted range, would change the FV by NIL. ( As at 31.3.19 NIL) |
| | | | | | Discounting Factor ranging NIL (As at 31.3.19 NIL) | |
| | (Refer note below). | Investment in company engaged in the business of gas marketing – aggregate fair value of ₹ 2,023.35 | Investment in company engaged in the business of gas marketing – aggregate fair value of ₹ 1,882.35 | Level 3 | 10% +/- over base value. | 10% increase/Decrease over base value, would change FV by + ₹ 338.40 lakhs & - ₹ 336.05 lakhs. (No sensitivity analysis has been carried out as at 31.03.2019 on account of non-availability of data.) |
| | Note : Discounted Free Cash flow method has been used to arrive at the enterprise value of the gas marketing business of the investee. Under this technique, the projected free cash flows from gas marketing business of the company are discounted at the weighted average cost of capital to the providers of capital to the business of the company and the sum of the present value of such free cash flows would represent the value of business. The investee has various investments in 1subsidiaries and joint venture companies. Each of these subsidiary and joint venture companies have been separately valued using market price method, DCF method, CCM method and book value (NAV) method and applied the investee's stake percentage to arrive at the fair value of investee's investment in these subsidiaries / joint venture companies. Under the market price method, the valuation is derived from the quoted market price of the share of the company as at the valuation date. Under the NAV method, the valuation is derived by calculating the net assets value of the investee as at the valuation date. | | | | | |
| | Cost Approach- Net Asset Value - In this approach, total value is based on the sum of net asset value as recorded on the balance sheet.A net asset methodology is most applicable for businesses where the value lies in the underlying assets and not the ongoing operations of the business. (Refer note 1 and 2 below). | Investment in companies engaged in power and finance industry - aggregate fair value of ₹ 122.11 | Investment in companies engaged in power and finance industry - aggregate fair value of ₹ 108.30 | Level 3 | Discount to Book Value ranging from 15% to 30% (As at 31.3.19 from 15% to 30%) | Increasing/Decreasing the Discounting Factor by probability weighted range, would change the FV by + ₹ 14.21 lakhs & - ₹ 13.44 lakhs ( As at 31.3.19 + ₹ 12.60 lakhs & - ₹11.93 lakhs) |

## Notes to the Financial Statements

Note 1 : The Company has invested in the equity instruments of various companies. However, the percentage of shareholding of the Company in such investee companies is very low and hence, it has not been provided with future projections including projected profit and loss account by those investee companies. Hence, the independent valuer appointed by the Company has estimated fair value based on available historical Annual Reports of such companies and other information as available in the public domain. Since the future projections are not available, discounted cashflow approach for fair value determination has not been followed.

Note 2 : In case of some companies, there are no comparable companies valuations available and some are recent start up companies. In light of no information available for future projections, capacity utilisation, commencement of operations, etc., the valuation is based on cost approach.

### ii) Transfers between Levels 1 and 2

There have been no transfers between Level 1 and Level 2 during 2019-20 and 2018-19.

### iii) Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

(₹ in lakhs)

| Paticulars | Equity securities |
|---|---|
| Opening Balance (1 April 2019) | 31,410.20 |
| Net change in fair value (unrealised) | 6,113.83 |
| Purchases | - |
| Closing Balance (31 March 2020) | **37,524.03** |

### Transfer out of Level 3

There were no movement in level 3 in either directions during the year 2019-20 and 2018-19.

### C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

#### i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company manages market risk through a Financial risk management committee, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Audit cum finance committee and Board of Directors. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit cum finance committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

## ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of following financial assets represents the maximum credit exposure:

### Trade and other receivables

The Company's exposure to credit is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Revenue department has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the Board of Directors.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Company may have a secured claim. The Company does not otherwise require collateral in respect of trade and other receivables.

The company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The provision matrix of ECL at the end of reporting period is as follows.

| Particulars | Expected credit loss % |
|---|---|
| Within the credit Period | 0.04% |
| 1-90 days past due | 0.38% |
| 91-180 days past due | 1.52% |
| 181-270 days past due | 5.49% |
| 270-360 days past due | 13.02% |
| 360-450 days past due | 25.77% |
| 450-540 days past due | 44.23% |
| 540-630 days past due | 61.84% |
| 630-720 days past due | 100.00% |
| More than 720 days past due | 100.00% |

### Impairment

The ageing of trade and other receivables that were not impaired was as follows.

(₹ in lakhs)

| Particulars | Carrying amount | |
|---|---|---|
| | March 31, 2020 | March 31, 2019 |
| Neither past due nor impaired | 87,323.40 | 1,08,760.01 |
| Past due 1–30 days | 11,633.16 | 5,258.35 |
| Past due 31–90 days | 36,361.45 | 46,696.39 |
| Past due 91 days and above | 1,36,958.03 | 1,07,339.83 |
| | 2,72,276.04 | 2,68,054.58 |

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

**Movement in expected credit loss allowance** (₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Balance at the beginning of the year | 7,908.78 | 7,992.40 |
| Movement in the expected credit loss allowanceon trade receivables calculated at lifetime expected credit losses Past due 31–90 days | (37.16) | (83.62) |
| | 7,871.62 | 7,908.78 |

During the year 2019-20 and 2018-19, impairment provision was reduced by ₹ 37.18 Lakhs and ₹ 83.62 Lakhs respectively

### Cash and cash equivalents

The Company held cash and cash equivalents of ₹ 1429.04 at March 31, 2020 (₹ 3697.50 at March 31, 2019). The cash and cash equivalents are held with approved scheduled banks.

### Derivatives

The derivatives deals are done with AD category banks in OTC market and registered brokers in ETCD market.

### iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

**Financing facilities:** (₹ in lakhs)

| Particulars | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| a) Secured cash credit, reviewed annually | | |
| - amount used | 4,149.44 | 16,365.96 |
| - amount unused | 42,419.05 | 30,202.53 |
| b) Secured term loan | | |
| - amount used | 14,666.66 | 20,000.00 |
| - amount unused | - | 30,000.00 |
| c) Unsecured bill acceptance facility | | |
| - amount used | 31,905.40 | - |
| - amount unused | - | - |
| d) Unsecured commercial papers | | |
| - amount used | 30,000.00 | - |
| - amount unused | 70,000.00 | 1,00,000.00 |
| e) Unsecured working capital demand loan | | |
| - amount used | 14,686.61 | - |
| - amount unused | 40,313.39 | 35,000.00 |
| f) Unsecured Inter-Corporate Loan Facility | | |
| - amount used | 54,000.00 | 70,500.00 |
| - amount unused | 46,000.00 | 29,500.00 |
| g) Unsecured bank overdraft facility/WCDL Facility | | |
| - amount used | 6,500.00 | 2.83 |
| - amount unused | 8,000.00 | 14,497.17 |

### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(₹ in lakhs)

| March 31, 2020 | Contractual cash flows | | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Total | 0-12 months | 1-2 years | 2-5 years | More than 5 years |
| INR | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Term loans from banks | 14,666.66 | 14,666.66 | 5,333.33 | 5,333.33 | 4,000.00 | - |
| Working capital loans from banks | 1,41,241.45 | 1,41,241.45 | 1,41,241.45 | - | - | - |
| Trade payables | 40,697.33 | 40,697.33 | 40,697.33 | - | - | - |
| Other current financial liabilities | 24,216.86 | 24,216.86 | 24,216.86 | - | - | - |
| Derivative financial liabilities | | | | | | |
| Derivative contracts used for hedging | - | - | - | - | - | - |
| Outflow | 28.28 | 28.28 | 28.28 | - | - | - |

| March 31, 2019 | Contractual cash flows | | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Total | 0-12 months | 1-2 years | 2-5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | | |
| Term loans from banks | 20,000.00 | 20,000.00 | 5,333.33 | 5,333.33 | 9,333.34 | - |
| Working capital loans from banks | 86,868.79 | 86,868.79 | 86,868.79 | - | - | - |
| Trade payables | 99,951.12 | 99,951.12 | 99,951.12 | - | - | - |
| Other current financial liabilities | 37,985.57 | 37,985.57 | 37,985.57 | - | - | - |
| Derivative financial liabilities | | | | | | |
| Derivative contracts | - | - | - | - | - | - |
| Outflow | - | - | - | - | - | - |

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

### iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments.Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of company's investments. Thus, company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to control the financial risks associated with the Foreign Exchange/Currency rate movements through a sophisticated Foreign Exchange Risk Management System.

### Currency risk

The Company is exposed to currency risk on account of its import payables and borrowings inforeign currency. The functional currency of the Company is Indian Rupee. The Company uses forward exchange contracts, Options and futures to hedge its currency risk, most with a maturity of less than one year from the reporting date.

## Notes to the Financial Statements

The company is using derivative instruments which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

### Exposure to currency risk

The currency profile of financial assets and financial liabilities as at March 31, 2020 and March 31, 2019 are as below:

(₹ in lakhs)

| Particulars | March 31, 2020 INR | March 31, 2020 USD[1] | March 31, 2020 CAD[1] | March 31, 2020 Others[1] |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalents | 1,429.04 | - | - | - |
| Other bank balances | 1,092.25 | - | - | - |
| Non-current investments | 1,99,145.90 | - | 3,194.35 | - |
| Current loans and advances | 19,226.97 | - | - | - |
| Trade and other receivables | 2,68,414.18 | 3,841.98 | - | 19.88 |
| Derivative assets | - | - | - | - |
| Other Non-Current financial assets | 3,000.06 | - | - | - |
| Other Current financial assets | 886.69 | - | - | - |
| | **4,93,195.09** | **3,841.98** | **3,194.35** | **19.88** |
| **Financial liabilities** | | | | |
| Long term borrowings | 9,333.33 | - | - | - |
| Short term borrowings | 1,09,336.05 | 31,905.40 | - | - |
| Trade and other payables | 35,991.85 | 4,621.92 | - | 83.56 |
| Derivative liabilities | - | 28.28 | - | - |
| Other Current financial liabilities | 28,784.82 | 5.43 | - | 759.94 |
| | **1,83,446.05** | **36,561.03** | **-** | **843.50** |

(₹ in lakhs)

| Particulars | March 31, 2019 INR | March 31, 2019 USD[1] | March 31, 2019 CAD[1] | March 31, 2019 Others[1] |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalents | 3,697.50 | - | - | - |
| Other bank balances | 1,202.50 | - | - | - |
| Non-current investments | 2,25,735.45 | 1,729.40 | 4,064.38 | - |
| Current loans and advances | 17,445.78 | - | - | - |
| Trade and other receivables | 2,67,576.00 | 478.57 | - | - |
| Derivative assets | - | 9.40 | - | - |
| Other non current financial assets | 4,415.80 | - | - | - |
| Other Current financial assets | 227.59 | - | - | - |
| | **5,20,300.63** | **2,217.37** | **4,064.38** | **-** |
| **Financial liabilities** | | | | |
| Long term borrowings | 14,666.67 | - | - | - |
| Short term borrowings | 86,868.79 | - | - | - |
| Trade and other payables | 51,515.88 | 48,307.68 | 15.24 | 112.32 |
| Derivative liabilities | - | - | - | - |
| Other Current financial liabilities | 43,318.90 | - | - | - |
| | **1,96,370.24** | **48,307.68** | **15.24** | **112.32** |

1 - The figures are in INR Equivalent of respective currency

The following significant exchange rates have been applied during the year.

| INR | Year-end spot rate | |
|---|---|---|
| | March 31, 2020 | March 31, 2019 |
| USD | 75.39 | 69.17 |
| CAD | 53.49 | 51.83 |

## Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars at March 31 would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(₹ in lakhs)

| | 31-Mar-20 | | 31-Mar-19 | |
|---|---|---|---|---|
| Effect in INR | Strengthening | Weakening | Strengthening | Weakening |
| 10% movement | | | | |
| USD | (1,424.11) | (1,132.77) | 2,324.26 | (645.36) |
| CAD | 319.44 | (319.44) | 406.44 | (406.44) |

## Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

## Exposure to interest rate risk

Company's interest rate risk arises from borrowings. Company has long term borrowings at variable rate of interest.The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

(₹ in lakhs)

| Particulars | Nominal amount in INR | |
|---|---|---|
| | March 31, 2020 | March 31, 2019 |
| Variable-rate instruments | | |
| Financial assets | - | - |
| Financial liabilities | 14,666.67 | 20,000.00 |
| Total | 14,666.67 | 20,000.00 |

## Sensitivity analysis

A reasonably possible strengthening (weakening) of the Interest Rate would have affected the finance cost, equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

| | 31-Mar-20 | | 31-Mar-19 | |
|---|---|---|---|---|
| Effect in INR | Strengthening | Weakening | Strengthening | Weakening |
| 1% movement | | | | |
| Interest cost | 146.67 | (146.67) | 200.00 | (200.00) |

## Capital Management

The Company manages its capital to ensure that it will be able to continue as a Going Concern while maximising the return to stakeholders through optimisation of the Debt and Equity Balance.

Further, the Company is also subject to externally imposed capital requirement as part of its debt covenant for Term Loan for Melamine III plant, viz maintaining minimum Net Fixed Assets Coverage Ratio (of Melamine III Plant Assets) of 1.25 times throughout the currency of the loan.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital by computing the above ratios on an annual basis and ensuring that the same is in Compliance with the requirements of the Financial Covenants.

(₹ in lakhs)

| Particulars | INR | |
|---|---|---|
| | March, 2020 | March, 2019 |
| Net Fixed Assets (Melamine-III) | 77,295.70 | 80,546.62 |
| Total Debt (Melamine-III) | 14,666.67 | 20,000.00 |
| Net Fixed Asset Coverage Ratio | 5.27 | 4.03 |

## 42. Research & Development Expenses

(₹ in lakhs)

| Particulars | Year end 31st March, 2020 | Year end 31st March, 2019 |
|---|---|---|
| Capital* | 28.66 | 20.83 |
| Recurring** | 1,014.81 | 906.34 |
| **Total** | **1,043.47** | **927.17** |
| *Capital Expenses included in PPE Note No. 5 | 28.66 | 20.83 |
| **Recurring Expenses included in | | |
| Note No. 33 Employee Benefit expenses | 1,001.68 | 895.91 |
| Note No. 35 Other expenses | 13.13 | 10.43 |

## 43. Corporate Social Responsibility

(₹ in lakhs)

| Particulars | Year end 31st March, 2020 | Year end 31st March, 2019 |
|---|---|---|
| Prescribed CSR expenditure @ 2% | 990.13 | 931.02 |
| Actual expenditure | 990.00 | 1,101.49 |

## 44. Details on derivative instruments and unhedged foreign currency exposure

(I) (a) Forward exchange contracts and options (being derivative instruments), which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

Outstanding forward exchange contracts entered into by the Company as on 31 March, 2020

| Currency | Amount (in Mn) | Buy / Sell | Cross currency |
|---|---|---|---|
| USD | 0.00 | Buy | Rupees |
| USD | (4) | Buy | Rupees |

Note: Figures in brackets relate to the previous year

(b) Currency Futures (other than forward exchange contracts stated above) which are not intended for trading or speculative purposes but for hedge purposes to hedge against fluctuations in changes in exchange rate.

| Currency | Amount (in Mn) | Buy / Sell | Cross currency |
|---|---|---|---|
| USD | 44.00 | Buy | Rupees |
| USD | (48.00) | Buy | Rupees |

Note: Figures in brackets relate to the previous year

(II) The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise, represented in equivalent USD: USD 9.16 Mn (As at March 31, 2019: USD 27.44 Mn)

## 45. Leases

(i) The Company has taken various warehouses, godowns, guesthouses and office premises under operating lease or rental agreements. Effective 1st April, 2019, the company has adopted Ind AS 116 and applied to its leases, retrospectively, with the cumulative effect of initially applying the standard on the date of initial application (April 01, 2019). Accordingly, the Company has not restated comparative information and recognized right-of-use assets at an amount equal to the lease liability.Refer Note 5(ii) for details of right-of-use assets and Note 26 for details of Lease Liability. Interest on lease liability ₹ 42.86 Lakhs in FY 2019-20 (Nil in FY 2018-19) has been included in Finance Costs and depreciation on right-of-use assets has been included in Depreciation and amortization expense for the year.

(ii) Rent income includes lease rentals received towards office premises and land leased out for gas station. Such operating lease is generally for a period of three to four years. There are no restrictions imposed by lease arrangements.

## 46. Ind As 115 : Revenue from Contracts with Customers

The Company generates revenue primarily from manufacturing of Fertilizers and Chemical Products. The Company has recognised revenue by satisfying its performance obligations at a point of time basis. The revenue from contracts with customers to the amounts disclosed as total revenue are as under: **(₹ in lakhs)**

| Particulars | Year end 31st March, 2020 | Year end 31st March, 2019 |
|---|---|---|
| Revenue from Contract with Customers | 5,16,096.43 | 6,00,971.65 |
| Revenue from Subsidy from Government | 2,45,986.00 | 2,56,482.00 |
| **Total Revenue** | **7,62,082.43** | **8,57,453.65** |

The disaggregation of Total Revenue is as under:

### (A) Revenue – Segment-wise

**(₹ in lakhs)**

| Particulars | Year end 31st March, 2020 | Year end 31st March, 2019 |
|---|---|---|
| Fertilizer Products | 6,06,123.00 | 6,39,814.54 |
| Industrial Products | 1,55,959.43 | 2,17,639.11 |
| **Total Revenue** | **7,62,082.43** | **8,57,453.65** |

### (B) Revenue – Activity-wise

**(₹ in lakhs)**

| Particulars | Year end 31st March, 2020 | Year end 31st March, 2019 |
|---|---|---|
| Revenue generated from Manufacturing Activity | 6,15,813.88 | 6,56,049.91 |
| Revenue generated from Trading Activity | 1,46,268.55 | 2,01,403.74 |
| **Total Revenue** | **7,62,082.43** | **8,57,453.65** |

### (C) Contract Liability:

**(₹ in lakhs)**

| Particulars | Year end 31st March, 2020 | Year end 31st March, 2019 |
|---|---|---|
| Opening Balance of Contract Liability | 1,543.87 | 1,164.01 |
| Revenue Recognised from the opening balance of contract liability | 1,543.87 | 1,164.01 |
| Current year Contract liability - Carried Forward | 1,707.39 | 1,543.87 |
| Closing Balance of Contract Liability | 1,707.39 | 1,543.87 |

The nature of services and its disclosure of timing of satisfaction of performance obligation is mentioned in para 3.1 of Note No 3.There are no contract assets in the Balance Sheet.Contract Liabilities in the Balance Sheet constitutes advance payments and billings in excess of revenue recognised. The Company expects to recognise such revenue in the next financial year.There were no significant changes in contract liabilities during the reporting period except amount as mentioned in the table and explanation given above.Under the payment terms generally applicable to the Company's revenue generating activities, prepayments are received only to a limited extent. Typically, payment is due upon or after completion of delivery of the goods.

**47. Disclosure as per regulation 34(3) and 53(f) of Securities and Exchange Board of India (listing obligations and disclosures requirements) regulations, 2015:**

Loans & Advances in the nature of loans to subsidiaries is ₹ Nil (PY: ₹ Nil)

**48. Impact of Covid-19 Pandemic**

In assessing the recoverability of receivables and certain investments, the company has considered internal and external information up to the date of approval of these financial statements and economic forecasts. Based on current indicators of future economic conditions, the company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the company will continue to closely monitor any material changes to future economic conditions

**49. Other Matters**

(i) With respect to Fibre Unit and Methanol plant, the Net Realizable Value is higher compared to its carrying value as on March 31, 2020.

(ii) The previous year's figures have been re-casted, regrouped and rearranged, whenever necessary to confirm to this year's classifications.

(iii) Balances of Sundry Creditors, Sundry Debtors, Loans & advances, etc. are subject to confirmation and reconciliation.

(iv) At present production at Polymer Unit has been stopped from February, 2020 due to economic unviability. Value in use of Polymer Unit is higher compared to its carrying value as on March 31, 2020.

In terms of our report attached

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No: 006711N / N500028

**Brijesh Thakkar**
Partner
Membership No: 135556

Vadodara
18th June, 2020

**Arvind Agarwal**
*Chairman and Managing Director*

**V. D. Nanavaty**
*ED (Finance) & CFO*

**V. V. Vachhrajani**
*Company Secretary*

## INDEPENDENT AUDITORS' REPORT

**To the Members of Gujarat State Fertilizers & Chemicals Limited**

**Report on the Audit of the Consolidated Financial Statements**

### Auditor's Opinion

We have audited the accompanying consolidated financial statements of **Gujarat State Fertilizers & Chemicals Limited** (hereinafter referred to as "the Parent") and its subsidiary companies (the Parent and its subsidiaries together referred as "the Group"), and its associates, comprising the Consolidated Balance Sheet as at 31st March, 2020, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the Consolidated Statement of changes in Equity for the year then ended, and a summary of the 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 ("the Act") Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind As") and other accounting principles generally accepted in India, of the state of affairs of the Group as at March 31, 2020, the consolidated profit, consolidated total comprehensive losses, consolidated changes in equity and its consolidated 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 Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated 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 ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Emphasis of Matter

We draw attention to Note no. 48 to the consolidated financial statement, to assess the recoverability of certain receivables and investments, the management has considered internal and external information upto the date of approval of the consolidated financial statement and economic forecasts. Based on current indicators of future economic conditions, management expects to recover the carrying amount of these assets. The actual impact of global health pandemic may be different from that estimated as at the date of approval of the consolidated financial statement and management will continue to closely monitor any material changes to future economic conditions.

Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Key Audit Matter | Auditor's Response |
|---|---|
| ***Evaluation of uncertain tax positions:*** | ***Principal Audit Procedures*** |
| The Group has material uncertain tax positions for liability of ₹ **31,044.76 Lakhs** including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Notes 38 to the Consolidated Financial Statements. | We evaluated the related accounting policy for provisioning for tax exposures and found it to be appropriate. We have obtained details of completed tax assessments and demands upto the year ended March 31, 2020 from management. We evaluated auditee's response / opinion taken from various tax experts by auditee to challenge the underlying assumptions |

| | |
|---|---|
| | in estimating the tax provision and the possible outcome of the disputes. We also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at March 31, 2020 to evaluate whether any change was required to management's position on these uncertainties. From the evidence obtained and in the context of the consolidated financial statements, taken as a whole, we consider the provisions in relation to uncertain tax positions as at 31 March 2020 to be appropriate. |
| ***Impairment of property, plant and equipment:***<br>During the previous year, Group has discontinued its operations at Fiber & Polymer unit due to non-viability of its products. Gross block of the assets of the Fiber & Polymer unit and its carrying value as on 31st March 2020 works out to **₹ 26,475.38 Lakhs & ₹ 6,215.03 Lakhs.** Further, methanol plant having Gross Block and its carrying value as on 31st March, 2020 of **₹ 27,537.13 Lakhs & ₹ 19,717.35 Lakhs** is not in operation since last 3 to 4 years. We have considered this issue to be a key audit matter because the analysis performed by management requires the use of complex estimates and judgments regarding the future earnings performances \ recoverable amount of the CGUs to which the aforementioned assets belong. | ***Principal Audit Procedures***<br>We evaluated the management's various viable proposals, impairment calculations, assessing the net recoverable value of the CGU used in the models, and the process by which they were drawn up, including comparing them to the latest circle rates of the Land, and testing the underlying calculations. Based on our audit procedures, we found management's assessment in determining the carrying value of the property, plant and equipment of Fiber & Polymer unit and Methanol Plant to be reasonable. Refer Notes 49(i) & (iv) to the Consolidated Financial Statements. |
| **Fair Value of assessment of subsidy receivables from Government:**<br>Government Subsidy Receivable forms a significant part of the Group's assets, amounting to **₹ 179,119.00 Lakhs** as at March 31, 2020. Given the size of the subsidy balance relative to the total assets of the Group and the estimates and judgements described in Note 12 to the consolidated financial statement, the fair value assessment requires significant audit attention. | ***Principal Audit Procedures***<br>Our audit procedure includes review of subsidy receivable from Department of Fertilizer (i.e. sovereign Authority) is backed by the approved claims generated from MFMS (Mobile Fertilizer Management System).<br>Subsidy income recognised and remained outstanding over significant period are discussed / enquired with management based on follow-up with Department of Fertilizers, Government of India including basis of management judgement and realisation certainty thereof.<br>Based on the above procedures performed, the management's assessment of implications of government notifications / policies on recognition of subsidy revenue and the recoverability were considered to be reasonable. |
| ***Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard):***<br>Group primarily manufactures and sells a number of fertilizer and chemical products to its customers, | ***Principal Audit Procedures***<br>Our audit procedure focused on transactions occurring within proximity of the year end in the Fertilizer segment, obtaining evidence to support the appropriate timing of revenue recognition based on terms and conditions set out in sales contracts, delivery documents and dealers' confirmation. |

| | |
|---|---|
| mainly through its own distribution network. Sales contracts specifically w.r.t Bill and Hold transaction contains constructive obligation for transfer of control to the buyer. As per the terms of the contract with the customers, Group use to recognize the sale based on the invoicing and considering the transfer of control and other criteria set out in para B81 of Ind AS 115. Refer Notes 46 to the Consolidated Financial Statements. | |
| ***Recognition / de-recognition and measurement of Urea Subsidy Income***<br>Revenue from concession receivable from the Government of India ('GOI') is recognized when control of the products has transferred to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Concessions in respect of urea, as notified under the New Pricing Scheme, is recognized with adjustments for escalation/de-escalation in the prices of inputs and other adjustments, as estimated by the management in accordance with the known policy parameters in this regard.<br>During the current year, Group has recognized Urea subsidy income of aggregating to **₹ 78,139.02 Lakhs**. Considering significant estimates involved, as mentioned above, revenue and profit may deviate on account of change in such judgements and estimates. | ***Principal Audit Procedures***<br>• We assessed design, implementation and operative effectiveness of management's key internal controls over revenue recognition.<br>• We performed test of details, on a sample basis and evaluated the underlying documents relating to urea concession income.<br>• We read relevant notifications issued by the GOI and discussed with the management, to understand the underlying matters and basis for management judgement and estimates including necessary changes made in estimates to address variations noted in past.<br>• We reviewed the calculation of urea concession income including escalation / de-escalation adjustments as per known policy parameters in this regard.<br>• We assessed the disclosures in the financial statements in this regard. |

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

The Parent's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Board's Report and Annexure to Board's Report, but does not include the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this 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 identified above when it becomes available 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.

**Management's Responsibility for the Consolidated Financial Statements**

The Parent's Board of Directors is responsible for the matters stated in Section 134(5) of Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group including its Associates in accordance with Ind As and the accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

**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 holding company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates 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.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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**

a) The consolidated financial statements includes the unaudited/unreviewed financial statements/financial information of 2 subsidiaries, whose financial statement/financial information reflects total assets of ₹ **17,008.40 Lakhs** as at 31 March, 2020, total revenue of ₹ **45,751.12 Lakhs**, total net profit after tax of ₹ **890.44 Lakhs** and total comprehensive income of ₹ **890.44 Lakhs** for the year ended 31 March, 2020 respectively and net cash inflow of ₹ **1,590.73 Lakhs** for the year ended on 31 March, 2020 as considered in the financial statement. The consolidated financial statements also include the group share of profit after tax of ₹ **293.94 Lakhs** and total comprehensive income of ₹ **291.19 Lakhs** for the year ended 31 March, 2020, as considered in the statement of respect of 3 associates whose financial statements/financial information have not been audited by us. This financial statements/ financial information are unaudited/unreviewed and have been furnished to us by the Management and our opinion on the consolidated financial statements/financial information, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, is solely based on such unaudited financial statements/financial information. In our opinion and according to the information and explanations given to us by the Management, this financial statements / financial information are not material to the Group.

   Our opinion on the consolidated financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditors and the financial statements / financial information certified by the Management.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of other auditors on separate financial statements of the subsidiary and the other financial information of associate companies incorporated in India, referred in the Other Matters paragraph above 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 and the report of the other auditor.

   (c) The Consolidated Balance Sheet, the Consolidated statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the 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 Indian Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Account) Rules, 2014.

   (e) On the basis of the written representations received from the directors of the Parent company as on March 31, 2020 taken on record by the Board of Directors of the Parent and the reports of the statutory auditor of its subsidiary company incorporated in India, none of the directors of these entities is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls with reference to financial statement and the operating effectiveness of such controls, refer to our Report in "**Annexure A**", which is based on the auditor's report of the Parent Company and Subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for reasons stated therein.

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

In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

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

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as referred to in Note 38 to the consolidated financial statements.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary company incorporated in India.

**For T R Chadha & Co LLP**
Chartered Accountants
Firm Regn. No: 006711N / N500028

Place : Ahmedabad
Date : 18th June, 2020

**Brijesh Thakkar**
Partner
Membership No. 135556
UDIN : 20135556AAAADN3330

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

**THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED.**

**(Referred to in Paragraph 1(f) under the Heading of "Report on Other Legal and Regulatory Requirements" section of our Report of even date)**

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

In conjunction with our audit of the Consolidated Financial Statements of the Parent Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to financial statements of **GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED** (hereinafter referred to as "the Parent Company") and its subsidiary Companies which are companies incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial control with reference to financial statements of the Parent and its subsidiary companies, which are incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence obtained by us and the other auditor of the subsidiary companies incorporated in India, in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial with reference to financial statements of the Parent and its subsidiary companies incorporated in India.

**Meaning of Internal Financial Controls with reference to financial statements**

A Company's internal financial control 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 control with reference to 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 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 control 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.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditor, as referred to in the Other Matters paragraph below, the Parent and its subsidiary Companies which are incorporated in India, have, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to financial statements established by the respective companies, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Other Matters**

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as it relates to consolidated / standalone financial statements of subsidiary companies which are incorporated in India, is based solely on the corresponding reports of the auditor of such company.

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

**For T R Chadha & Co LLP**
Chartered Accountants
Firm Regn. No: 006711N / N500028

Place : Ahmedabad
Date : 18th June, 2020

**Brijesh Thakkar**
Partner
Membership No. 135556
UDIN : 20135556AAAADN3330

# CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2020

(₹ in lakhs)

| Particulars | Note | As at 31st March 2020 | As at 31st March 2019 |
|---|---|---|---|
| **A. ASSETS** | | | |
| **1. Non-current assets** | | | |
| (a) Property, Plant and Equipments | 5 | 2,89,801.14 | 2,81,769.32 |
| (b) Capital work-in-progress | 5 | 10,705.50 | 18,722.78 |
| (c) Right of Use Assets | 5 | 230.46 | - |
| (d) Other Intangible assets | 6 | 158.20 | 310.59 |
| (e) Financial Assets | | | |
| (i) Investments | 7 | 2,08,741.19 | 2,37,638.98 |
| (ii) Others financial assets | 8 | 3,007.28 | 4,419.15 |
| (f) Income tax assets (Net) | 23 | 15,121.97 | 9,904.01 |
| (g) Deferred tax assets (Net) | 23 | 5,272.26 | - |
| (h) Other non current assets | 9 | 32,287.45 | 33,320.33 |
| | | **5,65,325.45** | **5,86,085.16** |
| **2. Current assets** | | | |
| (a) Inventories | 10 | 1,37,368.75 | 1,65,524.30 |
| (b) Financial Assets | | | |
| (i) Trade receivable | 11 | 84,977.36 | 81,161.95 |
| (ii) Government subsidies receivable | 12 | 1,79,119.00 | 1,65,791.42 |
| (iii) Cash and cash equivalents | 13 | 3,404.47 | 4,082.20 |
| (iv) Bank balances other than (iii) above | 14 | 1,361.43 | 2,754.25 |
| (v) Loans | 15 | 19,229.80 | 17,463.64 |
| (vi) Others financial assets | 16 | 964.21 | 479.72 |
| (c) Other current assets | 17 | 19,820.83 | 22,317.02 |
| | | **4,46,245.85** | **4,59,574.51** |
| **3. Assets held for sale** | 18 | **703.98** | **703.98** |
| **TOTAL ASSETS** | | **10,12,275.29** | **10,46,363.65** |

# CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2020

(₹ in lakhs)

| Particulars | Note | As at 31st March 2020 | As at 31st March 2019 |
|---|---|---|---|
| **B. EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| (a) Equity share capital | 19 | 7,969.55 | 7,969.55 |
| (b) Other Equity | 20 | 6,78,175.24 | 7,24,098.28 |
| (c) Non Controlling Interest | | 128.52 | 123.70 |
| | | **6,86,273.31** | **7,32,191.53** |
| **LIABILITIES** | | | |
| **1. Non-current liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 21 | 9,333.33 | 14,666.67 |
| (b) Provisions | 22 | 80,145.76 | 47,190.35 |
| (c) Deferred Subsidy Income | | 105.03 | 116.26 |
| (d) Deferred tax liabilities (Net) | 23 | - | 3,497.41 |
| | | **89,584.12** | **65,470.69** |
| **2. Current liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 24 | 1,41,241.45 | 86,868.79 |
| (ii) Trade payables | 25 | - | |
| - Total outstanding dues of MSMED | | 809.66 | 1,057.41 |
| - Total outstanding dues of creditors other than MSMED | | 42,757.80 | 1,02,808.75 |
| (iii) Other financial liabilities | 26 | 29,783.04 | 43,601.76 |
| (b) Other current liabilities | 27 | 7,954.67 | 3,323.79 |
| (c) Provisions | 28 | 13,337.18 | 10,541.86 |
| (d) Current tax liabilities (Net) | 23 | 534.06 | 499.07 |
| | | **2,36,417.86** | **2,48,701.43** |
| **TOTAL EQUITY & LIABILITIES** | | **10,12,275.29** | **10,46,363.65** |
| **See accompanying notes forming part of the consolidated financial statements** | 1 to 51 | | |

In terms of our report attached

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No: 006711N / N500028

**Brijesh Thakkar**
Partner
Membership No: 135556

Vadodara
18th June, 2020

**Arvind Agarwal**
*Chairman and Managing Director*

**V. D. Nanavaty**
*ED (Finance) & CFO*

**V. V. Vachhrajani**
*Company Secretary*

# CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in lakhs)

| | Particulars | Note | Year Ended 31st March 2020 | Year Ended 31st March 2019 |
|---|---|---|---|---|
| I | **Income** | | | |
| | Revenue from operations | 29 | 7,79,797.79 | 8,49,067.34 |
| | Other income | 30 | 10,651.06 | 10,752.59 |
| | **Total income** | | **7,90,448.85** | **8,59,819.93** |
| II | **Expenses** | | | |
| | Cost of materials consumed | 31 | 3,59,718.06 | 4,22,616.78 |
| | Purchase of Stock in Trade | | 1,43,126.71 | 2,10,545.65 |
| | Changes in inventories of finished goods, work in process and stock in trade | 32 | 21,618.60 | (64,594.66) |
| | Power and Fuel | | 65,253.35 | 67,691.75 |
| | Employee benefits expense | 33 | 72,883.58 | 53,068.43 |
| | Finance costs | 34 | 11,479.74 | 6,101.08 |
| | Depreciation and amortization expense | | 17,094.87 | 12,625.39 |
| | Other expenses | 35 | 85,476.16 | 84,873.09 |
| | **Total Expenses** | | **7,76,651.07** | **7,92,927.51** |
| III | **Profit before share of profit/(loss) of Associates** | | **13,797.78** | **66,892.42** |
| IV | **Share of profit of Associates** | | 293.96 | 2.20 |
| V | **Profit before tax** | | **14,091.74** | **66,894.62** |
| VI | **Tax expense** | | | |
| | Current tax | | 299.45 | 12,560.55 |
| | Deferred tax | 23 | 2,478.95 | 5,481.26 |
| | MAT credit recognised | | - | (689.37) |
| | Earlier Year Tax | 23 | 348.89 | 228.98 |
| VII | **Profit for the year** | | **10,964.45** | **49,313.20** |
| VIII | **Other Comprehensive Income** | | | |
| | **(A) Items that will be reclassified to profit or loss** | | - | - |
| | **(B) Items that will not be reclassified to profit or loss** | | | |
| | Re-measurement gains/ (losses) on defined benefit plans | | (30,929.40) | (1,284.36) |
| | Income tax effect on above | | 10,807.00 | 449.59 |
| | Net fair value (loss) / gain on investments in equity instruments at FVTOCI | | (28,392.23) | (44,719.61) |
| | - Income tax effect on above | | 2,211.04 | 7,346.07 |
| | **Net other comprehensive income that will not be reclassified to profit or loss** | | **(46,303.59)** | **(38,208.30)** |
| IX | **Total Comprehensive Income for the year (VII+VIII)** | | **(35,339.14)** | **11,104.90** |
| | **Net Profit attributable to :** | | | |
| | (a) Owners of the company | | 10,959.05 | 49,313.29 |
| | (b) Non Controlling Interest | | 5.40 | (0.10) |
| | **Other Comprehensive Income attributable to :** | | | |
| | (a) Owners of the company | | (46,303.59) | (38,208.30) |
| | (b) Non Controlling Interest | | - | - |
| | **Total Comprehensive Income attributable to :** | | | |
| | (a) Owners of the company | | (35,344.54) | 11,104.99 |
| | (b) Non Controlling Interest | | 5.40 | (0.10) |
| | **Earnings per equity share (face value of ₹ 2/- each)** | | | |
| | Basic and Diluted Earnings per equity share: | 36 | **2.75** | **12.38** |
| | **See accompanying notes forming part of the financial statements** | 1 to 51 | | |

In terms of our report attached

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No: 006711N / N500028

**Brijesh Thakkar**
Partner
Membership No: 135556

Vadodara
18th June, 2020

**Arvind Agarwal**
*Chairman and Managing Director*

**V. D. Nanavaty**
*ED (Finance) & CFO*

**V. V. Vachhrajani**
*Company Secretary*

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2020

(₹ in lakhs)

| Particulars | Year Ended 31st March | |
|---|---|---|
| | **2020** | 2019 |
| **A Cash Flow From Operating Activities :** | | |
| Profit Before Tax | 14,091.73 | 66,894.61 |
| **Adjustments for :** | | |
| Depreciation and amortisation expense | 17,094.87 | 12,625.39 |
| Amortisation of lease hold land | 355.98 | 355.98 |
| Share of Profit of Associates | (293.96) | (2.20) |
| Finance cost | 11,469.26 | 6,126.13 |
| Interest income | (133.37) | (348.92) |
| Loss on fixed assets sold/written off | 424.08 | 17.23 |
| Dividend income | (3,490.40) | (3,657.86) |
| Provision for doubtful debts/advances | 536.08 | 38.86 |
| **Operating Profit before Working Capital Changes** | 40,054.27 | 82,049.20 |
| **Movements in working capital:** | | |
| Inventories | 28,155.56 | (78,215.82) |
| Trade receivables, loans and advances and other assets | (14,586.50) | 19,929.70 |
| Trade payables, other current liabilities and provision | (49,424.65) | 37,381.28 |
| **Cash Generated from Operations** | 4,198.68 | 61,144.36 |
| Direct taxes paid (net of refunds) | (5,866.30) | (10,307.44) |
| **Net Cash Flow from Operating Activities** | (1,667.62) | 50,836.93 |
| **B Cash Flow From Investing Activities :** | | |
| Purchase of property, plant & equipments (including CWIP & capital advances) | (30,170.60) | (29,909.92) |
| Purchase of non current investments | 796.75 | (2,202.75) |
| Interest received | 144.25 | 346.52 |
| Dividend received | 3,538.40 | 3,705.86 |
| **Net Cash Flow used in Investing Activities** | (25,691.20) | (28,060.29) |
| **C Cash Flow From Financing Activities** | | |
| Repayment of long term borrowings | (5,333.33) | (40,536.86) |
| Proceeds from long term borrowings | - | 30,000.00 |
| Net increase/(decrease) in short term borrowings | 54,372.66 | 2,778.78 |
| Interest paid | (11,732.80) | (5,862.96) |
| Dividend paid (including tax thereon) | (10,625.44) | (10,607.86) |
| **Net Cash Flow from/ (used in) Financing Activities** | 26,681.09 | (24,228.90) |
| **Net Increase / (Decrease) in Cash & Cash Equivalents** | (677.73) | (1,452.26) |
| **Cash and Cash Equivalents as at the beginning of the year** | 4,082.20 | 5,534.47 |
| **Cash and Cash Equivalents as at end of the year (Refer Note-13)** | 3,404.47 | 4,082.20 |
| **Notes:** | | |
| **Components of Cash and cash equivalents** | | |
| Cash on hand | 89.20 | 34.06 |
| **Balances with banks** | | |
| In current accounts | 3,315.27 | 4,048.14 |
| **Total Cash and cash equivalents** | 3,404.47 | 4,082.20 |

The Cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard 7 on Cash Flows Statement.

**See accompanying notes forming part of the financial statements**

In terms of our report attached

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No: 006711N / N500028

**Brijesh Thakkar**
Partner
Membership No: 135556

Vadodara
18th June, 2020

**Arvind Agarwal**
*Chairman and Managing Director*

**V. D. Nanavaty**
*ED (Finance) & CFO*

**V. V. Vachhrajani**
*Company Secretary*

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SOCIE)

**Note (a) : Equity share capital** **(₹ in lakhs)**

| Particulars | Amount |
|---|---|
| Balance as at April 01, 2018 | 7,969.55 |
| Changes in equity share capital during the year | - |
| Balance as at March 31, 2019 | 7,969.55 |
| Balance as at April 01, 2019 | 7,969.55 |
| Changes in equity share capital during the year | - |
| Balance as at March 31, 2020 | 7,969.55 |

**Note (b) : Other equity** **(₹ in lakhs)**

| Particulars | Reserves & Surplus | | | | | Items of OCI | |
|---|---|---|---|---|---|---|---|
| | Capital reserve | Security premium | Capital redemption reserve | General reserve | Retained earnings | Equity Instruments through OCI | Total Equity |
| **Balance as at April 01, 2018** | 1,256.33 | 30,524.02 | 3,335.00 | 4,46,153.31 | 47,352.44 | 1,93,750.09 | 7,22,371.18 |
| Capital Reserve on acquisition of shares in Associates | 1,200.38 | | | | | | 1,200.38 |
| Profit for the year | - | - | - | - | 49,313.29 | - | 49,313.29 |
| Other comprehensive income for the year net of income tax | - | - | - | - | | (37,373.54) | (37,373.54) |
| Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax | - | - | - | - | (834.77) | - | (834.77) |
| **Total comprehensive income for the year** | - | - | - | - | 48,478.52 | (37,373.54) | 11,104.99 |
| Dividends paid [Note 20] | - | - | - | - | (8,766.51) | - | (8,766.51) |
| Dividend Distribution Tax (DDT) [Note 20] | - | - | - | - | (1,811.77) | - | (1,811.77) |
| Transfer to General reserve | - | - | - | 38,000.00 | (38,000.00) | - | - |
| **Balance as at March 31, 2019** | 2,456.71 | 30,524.02 | 3,335.00 | 4,84,153.31 | 47,252.69 | 1,56,376.56 | 7,24,098.28 |
| **Balance as at April 01, 2019** | 2,456.71 | 30,524.02 | 3,335.00 | 4,84,153.31 | 47,252.69 | 1,56,376.56 | 7,24,098.28 |
| Profit for the year | - | - | - | - | 10,958.45 | - | 10,958.45 |
| Other comprehensive income for the year net of income tax | - | - | - | - | - | (26,181.19) | (26,181.19) |
| Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax | - | - | - | - | (20,122.40) | - | (20,122.40) |
| **Total comprehensive income for the year** | - | - | - | - | (9,163.95) | (26,181.19) | (35,345.14) |
| Dividends paid [Note 20] | - | - | - | - | (8,766.50) | - | (8,766.50) |
| Dividend Distribution Tax (DDT) [Note 20] | - | - | - | - | (1,811.40) | - | (1,811.40) |
| **Balance as at March 31, 2020** | 2,456.71 | 30,524.02 | 3,335.00 | 4,84,153.31 | 27,510.84 | 1,30,195.36 | 6,78,175.24 |

In terms of our report attached

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No: 006711N / N500028

**Brijesh Thakkar**
Partner
Membership No: 135556

Vadodara
18th June, 2020

**Arvind Agarwal**
*Chairman and Managing Director*

**V. D. Nanavaty**
*ED (Finance) & CFO*

**V. V. Vachhrajani**
*Company Secretary*

## Notes to the Consolidated Financial Statements for the year ended March 31, 2020

### 1. Corporate Information

Gujarat State Fertilizers and Chemicals Limited "the Company" is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company is principally engaged in production of fertilizers and chemicals. Its shares are listed on two recognised stock exchanges in India. The registered office of the Company is located at Fertilizernagar - 391 750, Dist. Vadodara.

These consolidated financial statements were authorised for issuance by the Board of Directors of the Company in their meeting held on June 18, 2020.

### 2. Basis of preparation of Consolidated Financial Statements

### 2.1) Basis of preparation and compliance with Ind AS

The consolidated financial statements are prepared in accordance with the principles and procedures laid down under the Accounting Standard notified under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014

### 2.2) Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Company, its subsidiaries and equity accounting of its investment in associates.

Consolidation financial statements are prepared using uniform accounting policies for like transactions and other event in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all the entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company. When the end of the reporting period of the parent is different from that of a subsidiary, jointly controlled entity or associate, the respective entity prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the said entity, unless it is impracticable to do so.

The consolidated financial statements have been prepared on the following basis.

#### Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its power and involvement with the investee and has the ability to affect those returns through its power over the investee.

Subsidiaries are considered for consolidation when the Group obtains control over the subsidiary and are derecognized when the Group loses control of the subsidiary. Subsidiaries have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains resulting on intra-group transactions are eliminated in full. Unrealized losses resulting from intra-group transactions are eliminated in arriving at the carrying amount of assets unless transaction provides an evidence of impairment of transferred asset.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the Statement of Profit and Loss and Consolidated Balance Sheet, separately from parent shareholders' equity. Profit and loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Groups interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

#### Associates - Equity Accounting

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of post-acquisition profits or losses and that of other comprehensive income of the associate. Distributions received from an associate reduce the carrying amount of the investment. Unrealized gains and losses resulting from transactions between the Group, Associate entities are eliminated to the extent of the interest in the Associate entities.

After application of the equity method, at each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there exists such evidence, the Group determines extent of impairment and then recognizes the loss in the Statement of Profit and Loss.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate and the fair value of the retained investment and proceeds from disposal is recognized in profit and loss.

The list of companies included in consolidation, relationships with the company and shareholding therein is provided in Note No. 50

## 2.3) Basis of measurement

The consolidated financial statements have been prepared on a going concern basis, using historical cost convention and on an accrual method of accounting, except for the following assets and liabilities which have been measured at fair value, as required by relevant Ind AS.

1. Derivative financial instruments
2. Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)
3. Defined benefit plans

## 2.4) Functional and presentation currency

The consolidated financial statements are prepared in Indian Rupees, which is the Group's functional and presentation currency. All financial information presented in Indian Rupees has been rounded to the nearest lakhs with two decimals.

## 2.5) Current and non-current classification

The Group presents assets and liabilities in the Balance Sheet based on current / non-current classification.

An asset is classified as current if it satisfies any of the following criteria:

a) It is expected to be realised or intended to sold or consumed in the Group's normal operating cycle,

b) It is held primarily for the purpose of trading,

c) It is expected to be realised within twelve months after the reporting period, or

d) It is a cash or cash equivalent unless restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current if it satisfies any of the following criteria:

a) it is expected to be settled in the Group's normal operating cycle,

b) it is held primarily for the purpose of trading,

c) it is due to be settled within twelve months after the reporting period

d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current. Current liabilities include current portion of non-current financial liabilities.

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

3 The Group has applied the following accounting policies to all periods presented in the consolidated financial statements.

## 3.1 Revenue recognition

The Group derives revenues primarily from manufacturing of Fertilizers and Chemical Products.

Revenue from Operations is recognised in the Statement of Profit and Loss when:

- The income generating activities have been carried out on the basis of a binding agreement.
- The income can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the Group.
- Costs relating to the transaction can be measured reliably.

Revenue for all businesses is recognized upon transfer of control of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods and services.

Sale of fertilizer products is recognised net of returns and trade discounts. Sales exclude sales tax/value added tax/GST collected on behalf of Government. Revenue is also recognised on sale of goods in case where the delivery is kept pending at the instance of the customer, as the performance obligation has been satisfied and control are transferred and customer takes title and accepts billing as per usual payment terms.

Sales of industrial products are accounted on the dispatch basis except export sales, which are recognised on the basis of bill of lading on satisfaction of performance and transfer of control.

The amounts receivable from various agencies are accounted for on accrual basis except interest on delayed payments, refunds from customs & excise authorities, insurance claims (other than marine claims), etc. where it is not possible to ascertain the income with reasonable accuracy or in absence of finality of the transaction.

Revenues in excess of invoicing are classified as contract assets (referred as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

### Subsidy income

Urea subsidy income is recognised on the basis of the rates notified from time to time by the Government of India on the quantity of fertilisers sold by the Company for the period for which notification has been issued, further adjusted for input price escalation/de-escalation estimated by management, based on prescribed norms as notified by Govt. of India.

Subsidy on Phosphatic and Potassic (P&K) fertilizers is recognized as per concession rates notified by the Government of India in accordance with Nutrient Based Subsidy Policy from time to time and Freight subsidy has been accounted for in line with the policy of the Government of India.

Subsidy on City Compost is recognized based on rates, as notified by the Government of India.

### Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR), which 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. Interest income is included in other income in the statement of profit and loss.

### Dividends

Dividend income is accounted for when the right to receive the same is established, which is generally when shareholders approve the dividend.

### Insurance Claims

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

### Rental Income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

## 3.2 Taxes

Tax expense comprises of current income tax & deferred tax

### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on the rates and tax laws enacted or substantively enacted, at the reporting date in India where the entity operates and generates taxable income.

Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The Group recognizes tax credits in the nature of Minimum Alternate Tax (MAT) credit entitlement only to the extent that it is probable that the Group will pay normal income tax during the specified period, i.e., the period for which tax credit is allowed to be carried forward, sufficient to utilize the MAT credit entitlement. The carrying amount of tax credit is reviewed at each reporting date as stated above.

## 3.3 Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. The Group treats sale of the asset to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset,
- An active programme to locate a buyer and complete the plan has been initiated,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

## 3.4 Property, plant and equipment and intangible assets

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost. Otherwise, such items are classified as inventories. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Assets under erection / installation of the existing projects and on-going projects are shown as "Capital Work in Progress".

Capital advances given for procurement of Property, plant and equipment are treated as other non-current assets.

In the absence of availability of specific original cost in respect of a part of assets capitalised under turn-key contracts, the original value of such asset written / disposed off is estimated on the basis of its current cost adjusted for price and technological factors.

Major cost of civil works required as plant and machinery supports, on the basis of technical estimates, is considered as Plant & Machinery.

### Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Cost of intangible assets comprises of purchase price and attributable expenditure on making the asset ready for its intended use. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

### Research and Development

Capital expenditure on Research & Development activities is included in Property, plant and equipment to the extent it has alternative economic use. Revenue expenditure pertaining to research activity is charged under respective account heads in the statement of Profit & Loss.

### Depreciation methods, estimated useful lives and residual value

Depreciation on Property, plant and equipment is provided on Straight Line Method at the rates prescribed in Schedule II to the Company's Act, 2013. Depreciation on additions to Property, plant and equipment and assets disposed off / discarded is charged on pro-rata basis. Depreciation on commissioning of plants and other assets of new projects is charged for the days they are actually put to use.

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Leasehold land, other than that on perpetual lease, is amortized over the life of the lease.

Intangible assets are amortized over their estimated economic lives but not exceeding ten years on a straight-line basis.

The useful lives of the property, plant and equipment are as follows:

| Assets | Estimated Useful life |
|---|---|
| Freehold Land | — |
| Leasehold Land | 20 years |
| Buildings | 30-60 years |
| Bridge, culverts, bunders, etc. | 30 years |
| Roads | 5-10 years |
| Plant and machinery | 15-25 years |
| Furniture and fittings | 10 years |
| Motor Vehicles | 5-10 years |
| Railway sidings | 15 years |
| Office equipment | 5 years |
| Computers and Data Processing units | 3-6 years |
| Laboratory equipment | 10 years |
| Electrical Installation and Equipment | 10 years |
| Library books | 15 years |

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### 3.5 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is determined:

(i) In case of individual asset, at higher of the fair value less cost to sell and value in use; and

(ii) In case of cash-generating unit (a Group of assets that generates identified, independent cash flows), at the higher of the cash-generating unit's fair value less cost to sell and the value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

### 3.6 Borrowing costs

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

### 3.7 Leases

#### Transition

Effective April 01, 2019, the Group adopted Ind As 116 "leases" and applied the standard to all applicable lease contracts existing on April 1, 2019 using the modified retrospective method with cumulative effect of initially applying the standard recognised on the date of initial application. Accordingly, Group has not restated comparative information and recognised right of use assets at an amount equal to lease liability.

The Group's lease asset primarily consists of leases for buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys 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 Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

#### Group as a lessee

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. The higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and finance cost portion of lease payments have been classified as financing cash flows.

#### Group as a lessor

At the inception of the lease, the Group classifies each of its leases as either an operating lease or a finance lease. The Group recognises lease payments received under operating leases as income over the lease term on a straight-line basis.

### 3.8 Inventories

Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw materials, process chemicals, stores and spares, packing materials, trading and other products are determined on weighted average basis.

### 3.9 Employee benefits

**Defined benefit plans:**

(i) Short-term employee benefits

Short term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.

(ii) Post Employment benefits

(a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Parent has set up separate recognized Provident Fund trusts for all the units of the Group.

Contributions paid / payable for Provident Fund of eligible employees and National Pension Scheme is recognized in the statement of Profit and Loss each year. The Parent has an obligation to make good the shortfall, if any, between the return from the investments of the trusts and the interest rate notified by Government.

(b) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Parent's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Post employment defined benefits plans comprise of gratuity, superannuation and Post Retirement Medical Benefit for eligible employees of the Group. Post employment benefits are recognized as an expense in the statement of profit and loss for the year in which the employee has rendered services. The Group also contributes to a government administered Family Pension fund on behalf of its employees. The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

(iii) Other long-term employee benefits

Other long-term employee benefits comprise of leave encashment for eligible employees of Group. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

### 3.10 Financial instruments

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

#### (A) Financial Assets

The Group determines the classification of its financial assets at initial recognition. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The financial assets are classified in the following measurement categories:

a) Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

b) Those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly 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 or loss as incurred.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments.

### (i) Amortised Cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

a) The asset is held within a business model with the objective of collecting the contractual cash flows, and

b) The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets at amortised cost include loans receivable, trade and other receivables, and other financial assets that are held with the objective of collecting contractual cash flows. After initial measurement at fair value, the financial assets are measured at amortised cost using the effective interest rate (EIR) method, less impairment.

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 statement of profit or loss. The losses arising from impairment are recognised in the Statement of Profit or Loss in other income.

The Group classifies its financial assets as

### (ii) Fair value through other comprehensive income

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

### (iii) Financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss:

a) Debt investments that do not qualify for measurement at amortised cost;

b) Debt investments that do not qualify for measurement at fair value through other comprehensive income; and

c) Debt investments that have been designated at fair value through profit or loss.

Financial assets at fair value through profit or loss include financial assets held for trading, debt securities and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the Balance Sheet at fair value with net changes in fair value presented as finance costs in profit or loss if the same is considered as an adjustment to borrowing cost. Interests, dividends and gain/loss on foreign exchange on financial assets at fair value through profit or loss are included separately in other income.

If Group elects to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments shall continue to be recognised in profit or loss as other income when the Group's' right to receive payments is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income. Changes in the fair value of financial assets at fair value through profit or loss shall be recognised in other gain / (losses) in the statement of profit or loss as applicable.

### Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of the transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**Impairment of Financial Assets**

The Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments and are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance.

b) Trade receivables or any contractual right to receive cash or other financial asset that result from transactions that are within the scope of Ind AS 18.

An expected credit loss is the probability-weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows that the group expects to receive. The expected credit losses consider the amount and timing of payments and hence, a credit loss arises even if the Group expects to receive the payment in full but later than when contractually due. The expected credit loss method requires to assess credit risk, default and timing of collection since initial recognition. This requires recognising allowance for expected credit losses in profit or loss even for receivables that are newly originated or acquired.

Impairment of financial assets is measured as either 12 month expected credit losses or life time expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. '12 month expected credit losses' represent the expected credit losses resulting from default events that are possible within 12 months after the reporting date. 'Lifetime expected credit losses' represent the expected credit losses that result from all possible default events over the expected life of the financial asset.

Trade receivables are of a short duration, normally less than 12 months and hence the loss allowance measured as lifetime expected credit losses does not differ from that measured as 12 month expected credit losses. The Group uses the practical expedient in Ind AS 109 for measuring expected credit losses for trade receivables using a provision matrix based on ageing of receivables.

The Group uses historical loss experience and derived loss rates based on the past twelve months and adjust the historical loss rates to reflect the information about current conditions and reasonable and supportable forecasts of future economic conditions. The loss rates differ based on the ageing of the amounts that are past due and are generally higher for those with the higher ageing.

**Interest income**

For all financial instruments measured at amortised cost and interest bearing financial assets, interest income is recognised using the effective interest rate (EIR), which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial asset is recognised using the original EIR.

**Dividends**

Dividends are recognised as revenue when the right to receive payment is established.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**(B) Financial Liabilities**

The Group determines the classification of its financial liabilities at initial recognition.

**Classification**

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

**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 are subsequently measured at amortised cost where as derivatives are measured at fair value through profit and loss.

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 Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

**Financial liabilities at fair value through profit and loss**

Financial liabilities at fair value through profit and loss include financial liabilities to hedge risks which are not designated as hedges. At initial recognition, the Group measures financial liabilities at its fair value. Financial liabilities at fair value through profit and loss are carried in the Balance Sheet at fair value with changes recognised in the Statement of Profit and Loss.

**Financial liabilities measured at amortised cost**

Financial liabilities are initially recognised at fair value, net of transaction cost incurred and are subsequently measured at amortised cost, using the EIR method. Any difference between the proceeds net of transaction costs and the amount due on settlement or redemption of borrowings is recognised over the term of the borrowing.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest charge over the relevant effective interest rate period. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

**Derecognition of financial liabilities**

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 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### (C) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Consolidated Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counter party.

### (D) Derivative financial instruments

The Group's activities expose it to the financial risks of changes in foreign exchange rates and interest rates. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. Changes in values of all derivatives of a financing nature are included within financing costs if the same is considered as adjustment to borrowing cost in the Statement of Profit and Loss whereas other foreign exchange fluctuation is disclosed under other expenses. The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date.

### (E) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

## 3.11 Foreign currencies

### (a) Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees, which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency (the currency of the primary economic environment in which the entity operates) and items included in the financial statements of each entity are measured using that functional currency.

### (b) Transactions and balances

Transactions in foreign currencies are initially recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Profit and Loss within 'Finance costs'. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss within 'Other operating expenses'.

### 3.12 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

### 3.13 Segment accounting:

The Chief Operational Decision Maker monitors the operating results of its business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The Operating segments have been identified on the basis of the nature of products/services.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter Segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors. Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocated to segments on a reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

The Group has identified two reportable business segments i.e. Fertilizer products and Industrial products. The Group operates mainly in Indian market and there are no reportable geographical segments.

### 3.14 Provisions, Contingent liabilities, Contingent assets and Commitments: General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

A present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;

A present obligation arising from the past events, when no reliable estimate is possible;

A possible obligation arising from the past events, unless the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

### 3.15 Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders (Net of Non-Controlling Interest) by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Group's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### 3.16 Cash flow statement

Cash flow are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals of accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and finance activities of the Group are segregated.

## 4. Critical and significant accounting judgements, estimates and assumptions

### 4.1 Critical estimates and judgements

The following are the critical judgements, apart from those involving estimations that the management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the financial statements. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Useful lives of property, plant and equipment and intangible assets:

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2020 management assessed that the useful lives represent the expected utility of the assets to the Group. Further, there is no significant change in the useful lives as compared to previous year.

#### Allowance for expected credit losses:

Note 41 describes the use of practical expedient by computing the expected credit loss allowance for trade receivables other than subsidy receivables based on provision matrix. The expected credit allowance is based on the aging of the days receivables are due and the rates derived based on past history of defaults in the provision matrix. As regards subsidy receivables, the Group does not believe that there is any credit risk as dues are receivable from the Government and hence no allowance for expected credit loss is made.

#### Dismantling cost of property, plant and equipment:

Note 22 describes assets retirement obligation on estimate basis for property, plant and equipment. The management estimates dismantling cost considering size of the asset and its useful life in line with industry practices.

#### Stores and spares inventories:

The Group's manufacturing process is continuous and highly mechanical with wide range of different types of plant and machineries. The Group keeps stores and spares as standby to continue the operations without any disruption. Considering wide range of stores and spares and long lead time for procurement of it and based on criticality of spares, the Group believes that net realizable value would be more than cost.

#### Fair value of investments:

The Group has invested in the equity instruments of various companies. However, the percentage of shareholding of the Group in some of such investee companies is low and hence, it has not been provided with future projections including projected profit and loss account by those investee companies. Hence, the valuation exercise carried out by the Group with the help of an independent valuer has estimated the fair value at each reporting period based on available historical annual reports and other information in the public domain. In case of other companies, where there are no comparable companies' valuations available (also includes start-up companies) and no further information available for future projections, capacity utilisation, commencement of operations, etc., the method of valuation followed is cost approach. The Group evaluates the aforesaid position at each period end.

#### Income taxes:

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

### 4.2. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Judgements

In the process of applying the group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the standalone financial statements:

#### Determination of lease term & discount rate:

Ind AS 116 leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factor such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Group's operations taking into account the location of the underlying asset and availability of the suitable alternatives. The lease term in future period is reassessed to ensure that the lease term reflects the current economic circumstances.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The group based on its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

### Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow model. The cash flows are derived from the budget for the next five years and do not include activities that the group is not yet committed to or significant future investments that will enhance the asset's performance of the Cash Generating Unit being tested. The recoverable amount is sensitive to the discount rate used for the Discounted Cash Flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

### Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

### Defined benefit plans

The cost of the defined benefit plans viz. gratuity, superannuation for the eligible employees of the group 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 plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The 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 and gratuity increases are based on expected future inflation rate.

Further details about gratuity obligations are given in Note 37.

### Provision and contingent liability

On an ongoing basis, Group reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

## Note - 5 (i) Property, Plant and Equipment

(₹ in lakhs)

| | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| **PARTICULARS** | As at 01-Apr-19 | Additions | Deductions/ Adjustments | As at 31-Mar-20 | As at 01-Apr-19 | Charge for the year | Deductions/ Adjustments | As at 31-Mar-20 | Balance As at 31-Mar-20 | Balance As at 31-Mar-19 |
| Freehold land | 551.47 | 2,691.42 | - | 3,242.89 | - | - | - | - | 3,242.89 | 551.47 |
| Leasehold land | 705.30 | 935.26 | - | 1,640.56 | 25.60 | 34.23 | - | 59.83 | 1,580.73 | 679.70 |
| Buildings | 19,110.82 | 1223.28 | - | 20,334.10 | 2,191.83 | 693.51 | - | 2,885.34 | 17,448.76 | 16,918.99 |
| Bridge, culverts,bunders,etc. | 0.18 | - | - | 0.18 | 0.08 | 0.01 | - | 0.09 | 0.09 | 0.10 |
| Roads | 409.28 | 6.17 | - | 415.45 | 44.80 | 30.78 | - | 75.58 | 339.87 | 364.48 |
| Plant and machinery | 2,80,157.56 | 18043.33 | 2971.17 | 2,95,229.72 | 37,438.42 | 13713.92 | 2519.22 | 48,633.12 | 2,46,596.60 | 2,42,719.14 |
| Furniture and fittings | 7,184.16 | 56.83 | 8.41 | 7,232.58 | 283.61 | 691.44 | 7.99 | 967.06 | 6,265.52 | 6,900.55 |
| Motor Vehicles | 306.39 | 10.83 | 21.31 | 295.91 | 141.08 | 26.09 | 13.16 | 154.01 | 141.90 | 165.31 |
| Railway sidings | 2,122.13 | 86.01 | - | 2,208.14 | 444.91 | 117.51 | - | 562.42 | 1,645.72 | 1,677.22 |
| Office equipment | 850.60 | 69.10 | 18.10 | 901.60 | 430.10 | 122.41 | 17.12 | 535.39 | 366.21 | 420.50 |
| Computers and Data Processing units | 585.38 | 117.43 | 73.82 | 628.99 | 207.87 | 114.67 | 70.13 | 252.41 | 376.58 | 377.51 |
| Laboratory equipment | 1,549.66 | 54.65 | 12.75 | 1,591.56 | 229.65 | 157.88 | 11.78 | 375.75 | 1,215.81 | 1,320.01 |
| Electrical Installation and Equipment | 11,090.85 | 1980.56 | - | 13,071.41 | 1,425.80 | 1072.93 | - | 2,498.73 | 10,572.68 | 9,665.05 |
| Library books | 16.96 | - | - | 16.96 | 7.67 | 1.51 | - | 9.18 | 7.78 | 9.29 |
| TOTAL | 3,24,640.74 | 25,274.87 | 3,105.56 | 3,46,810.05 | 42,871.42 | 16,776.89 | 2,639.40 | 57,008.91 | 2,89,801.14 | 2,81,769.32 |
| Capital work in progress | | | | | | | | | 10,705.50 | 18,722.78 |

| | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| **PARTICULARS** | As at 01-Apr-18 | Additions | Deductions/ Adjustments | As at 31-Mar-19 | As at 01-Apr-18 | Charge for the year | Deductions/ Adjustments | As at 31-Mar-19 | Balance As at 31-Mar-19 | Balance As at 31-Mar-18 |
| Freehold land | 551.47 | - | - | 551.47 | - | - | - | - | 551.47 | 551.47 |
| Leasehold land | 705.30 | - | - | 705.30 | 19.19 | 6.41 | - | 25.60 | 679.70 | 686.11 |
| Buildings | 17,929.81 | 1186.34 | 5.33 | 19,110.82 | 1,531.79 | 663.05 | 3.01 | 2,191.83 | 16,918.99 | 16,398.02 |
| Bridge, culverts,bunders,etc. | 0.18 | - | - | 0.18 | 0.06 | 0.02 | - | 0.08 | 0.10 | 0.12 |
| Roads 138.48 | 270.80 | - | 409.28 | 37.99 | 6.81 | - | 44.80 | 364.48 | 100.49 | |
| Plant and machinery | 2,10,634.85 | 69627.56 | 104.85 | 2,80,157.56 | 26,967.90 | 10567.79 | 97.27 | 37,438.42 | 2,42,719.14 | 1,83,666.95 |
| Furniture and fittings | 605.00 | 6594.07 | 14.91 | 7,184.16 | 159.66 | 138.12 | 14.17 | 283.61 | 6,900.55 | 445.34 |
| Motor Vehicles | 230.27 | 93.60 | 17.48 | 306.39 | 122.63 | 35.06 | 16.61 | 141.08 | 165.31 | 107.64 |
| Railway sidings | 2,122.13 | - | - | 2,122.13 | 328.75 | 116.16 | - | 444.91 | 1,677.22 | 1,793.38 |
| Office equipment | 692.95 | 163.56 | 5.91 | 850.60 | 301.45 | 134.52 | 5.87 | 430.10 | 420.50 | 391.50 |
| Computers and Data Processing units | 346.89 | 278.10 | 39.61 | 585.38 | 128.06 | 117.13 | 37.32 | 207.87 | 377.51 | 218.83 |
| Laboratory equipment | 598.92 | 970.15 | 19.41 | 1,549.66 | 170.27 | 75.25 | 15.87 | 229.65 | 1,320.01 | 428.65 |
| Electrical Installation and Equipment | 6,384.63 | 4706.22 | - | 11,090.85 | 782.35 | 643.45 | - | 1,425.80 | 9,665.05 | 5,602.28 |
| Library books | 16.96 | - | - | 16.96 | 6.10 | 1.57 | - | 7.67 | 9.29 | 10.86 |
| TOTAL | 2,40,957.84 | 83,890.40 | 207.50 | 3,24,640.74 | 30,556.20 | 12,505.34 | 190.12 | 42,871.42 | 2,81,769.32 | 2,10,401.64 |
| Capital work in progress | | | | | | | | | 18,722.78 | 76,308.19 |

## 5. (ii) Right of Use Assets

(₹ in lakhs)

| | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| **PARTICULARS** | As at 01-Apr-19 | Additions | Deductions/ Adjustments | As at 31-Mar-20 | As at 01-Apr-19 | Charge for the year | Deductions/ Adjustments | As at 31-Mar-20 | Balance As at 31-Mar-20 | Balance As at 31-Mar-19 |
| Leasehold Building | - | 375.62 | 2.37 | 373.25 | - | 143.60 | 0.81 | 142.79 | 230.46 | - |
| TOTAL | - | 375.62 | 2.37 | 373.25 | - | 143.60 | 0.81 | 142.79 | 230.46 | - |

**Details for Right of Use Assets** (₹ in lakhs)

| | |
|---|---|
| **Gross Block (At Cost)** | |
| As at 01-04-2019 | - |
| Additions (Transitional impact on adoption of Ind AS 116) | 361.83 |
| Additions during the period | 13.79 |
| Disposals | 2.37 |
| **As at 31-03-2020** | **373.25** |
| **Accumulated Depreciation** | |
| As at 01-04-2019 | - |
| Charge for the period | 143.60 |
| Disposals | 0.81 |
| As at 31-03-2020 | 142.79 |
| **Net Block as at 31-03-2020** | **230.46** |

**Notes**

1 The Company has commissioned Ammonia Storage Tank Cap. 10000 MT at cost of ₹ 6527.23 Lakhs, PA Storage Tank Cap. 10000 MT ₹ 856.47 Lakhs and 10 MW Solar power Plant of ₹ 4991.67 Lakhs during FY 2019-20.The company has also acquired freehold land at Motikhavdi, Jamnagar for ₹ 2691.42 Lakhs during FY 2019-20.

2 Asset acquisition includes R&D assets of ₹ 28.66 lakhs (previous year ₹ 20.83 lakhs).

3 The Company has acquired land through Government and also through direct negotiations. The entire land is in possession of the Company. In respect of other portion of land acquired through direct negotiations, compensation has been paid at the negotiated price. The Company also holds possession of a portion of land for which no amount has been paid in absence of receipt of awards.

4 The Company has leased a portion of its land to Bank of Baroda for bank premises at Fertilizernagar and Sikka and Gas Authority of India Ltd. (GAIL) for establishment of CNG pumping station.

5 Buildings include ₹ 0.02 lakh being the value of shares in Co-operative Housing Societies.

6 The Company established Sikka Jetty at its own cost, which is in operation since 1987. After due discussion with Gujarat Maritime Board (GMB), a consensus was arrived at establishing ownership of jetty with the Company. Thereafter, in terms of resolution passed by GMB, the ownership of the jetty at Sikka was transferred to the Company. However, during 1994, GMB has reversed its earlier decision not supported by resolution and contended that the ownership of the jetty rests with GMB. The Company has made representation to the appropriate authority with regards to the ownership of the jetty with the Company.

The matter of deciding the status of Jetty was under examination at GMB & Government of Gujarat levels since long back. Various meetings were also held and after due diligence on the matter, it is decided by the Board of GMB supported by a resolution to assign the status of Captive Jetty to sikka jetty and the Company has to sign Captive Jetty Agreement with GMB. The matter is under discussion with GMB authorities. Pending finalization of the Captive Jetty Agreement, no provision is considered necessary in respect of various claims against the Company and counter-claims of the Company (both the amounts not determined). At present the Company is in possession of the Jetty and continues to be the owner of the Jetty pending signing of the Agreement.

## 6. Intangible assets

(₹ in lakhs)

| | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| **PARTICULARS** | As at 01-Apr-19 | Additions | Deductions/ Adjustments | As at 31-Mar-20 | As at 01-Apr-19 | Charge for the year | Deductions/ Adjustments | As at 31-Mar-20 | Balance As at 31-Mar-20 | Balance As at 31-Mar-19 |
| Computer software | 1,294.15 | 21.99 | - | 1,316.14 | 983.56 | 174.38 | - | 1,157.94 | 158.20 | 310.59 |
| **TOTAL** | **1,294.15** | **21.99** | **-** | **1,316.14** | **983.56** | **174.38** | **-** | **1,157.94** | **158.20** | **310.59** |

| | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| **PARTICULARS** | As at 01-Apr-18 | Additions | Deductions/ Adjustments | As at 31-Mar-19 | As at 01-Apr-18 | Charge for the year | Deductions/ Adjustments | As at 31-Mar-19 | Balance As at 31-Mar-19 | Balance As at 31-Mar-18 |
| Computer software | 1,258.01 | 36.14 | - | 1,294.15 | 863.51 | 120.05 | - | 983.56 | 310.59 | 394.50 |
| **TOTAL** | **1,258.01** | **36.14** | **-** | **1,294.15** | **863.51** | **120.05** | **-** | **983.56** | **310.59** | **394.50** |

## 7. Non-current investments

(₹ in lakhs)

| Praticulars | | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|---|
| **Investments in equity shares of Associates measured under equity method** | | | |
| 14,302 | shares of Vadodara Enviro Channel Ltd. - ₹ 10 each* | - | - |
| 14,302 | shares of Vadodara Enviro Channel Ltd. - ₹ 10 each* | 166.80 | 175.15 |
| 12,50,000 | shares of Gujarat Green Revolution Company Ltd. - ₹ 10 each | 7,802.60 | 6,878.09 |
| 1,63,34,558 | Shares of Karnalyte Resources Inc - Canadian Dollar (CAD) | 3,100.91 | 3,725.89 |
| | Less : Provision for Impairment (Note g) | 870.03 | - |
| | | 10,200.29 | 10,779.13 |
| **Unquoted equity shares of other companies measured at fair value through OCI** | | | |
| 22,50,000 | Shares of Indian Potash Limited - ₹ 10 each (11,25,000 Bonus shares received during the year) | 12,115.35 | 6,242.17 |
| 12,26,31,575 | Shares of Gujarat Chemical Port Terminal Co. Ltd. - ₹ 1 each | 23,263.21 | 23,177.37 |
| | 1 Share of Gujarat State Electricity Corporation Ltd – ₹ 10 each (Note - b) | - | - |
| 2,35,00,000 | Shares of Gujarat State Petroleum Corporation Limited – ₹ 1 each | 2,023.35 | 1,882.35 |
| 41,79,848 | Shares of Tunisian Indian Fertilizers (TIFERT s.a.) - ₹ 10 each (Note - c) | - | - |
| 60,000 | Shares of Gujarat Venture Finance Limited – ₹ 10 each | 101.54 | 89.28 |
| 50,000 | Shares of Biotech Consortium India Limited – ₹ 10 each | 20.57 | 19.02 |
| 1,15,000 | Shares of Gujarat Data Electronics Limited - ₹ 10 each | - | - |
| | | 37,524.02 | 31,410.19 |
| **Quoted equity shares of other companies measured at fair value through OCI** | | | |
| 3,07,79,167 | Shares of Gujarat Narmada Valley Fertilizers & Chemicals Ltd. - ₹ 10 each | 35,303.70 | 94,168.86 |
| 2,23,62,784 | Shares of Gujarat Industries Power Company Ltd. - ₹ 10 each | 11,159.03 | 15,899.94 |
| 16,55,040 | Shares of Gujarat Alkalies & Chemicals Ltd. - ₹ 10 each | 3,690.74 | 8,164.31 |
| 4,69,14,475 | Shares of Gujarat Gas Ltd. - ₹ 2 each | 1,08,302.07 | 69,480.34 |
| 9,35,600 | Shares of Gujarat State Financial Corporation - ₹ 10 each | - | - |
| 11,36,000 | Shares of Bandhan Bank Limited - ₹ 10 each (Note - d) | 2,314.60 | 5,516.00 |
| 5,49,440 | Shares of Industrial Development Bank of India - ₹ 10 each | 106.04 | 256.31 |
| 5,79,000 | Shares of Mangalore Chemicals & Fertilizers Ltd. - ₹ 10 each | 140.70 | 234.50 |
| | | 1,61,016.88 | 1,93,720.26 |
| **Total FVTOCI Investments** | | 1,98,540.90 | 2,25,130.45 |
| **Other equity investments** | | | |
| Tunisian Indian Fertilizers (TIFERT) (Note - f) | | - | 1,729.40 |
| **TOTAL INVESTMENTS** | | 2,08,741.19 | 2,37,638.98 |
| Aggregate book value of Quoted Investments | | 1,61,016.88 | 1,93,720.26 |
| Aggregate market value of Quoted Investments | | 1,61,016.88 | 1,93,720.26 |
| Aggregate carrying value of Unquoted Investments | | 47,724.31 | 43,918.72 |
| Category-wise other investments-as per Ind AS 109 classification | | | |
| Financial assets carried at fair value through profit or loss (FVTPL) | | - | - |
| Financial assets carried at amortised cost | | 10,200.29 | 10,779.13 |
| Financial assets measured at FVTOCI | | 1,98,540.90 | 2,26,859.85 |
| **TOTAL INVESTMENTS** | | 2,08,741.19 | 2,37,638.98 |
| Investment in Associates is accounted under equity method as under: | | | |
| **(i) Vadodara Enviro Channel Limited** | | | |
| | Opening Carrying value of Investment | 175.15 | 278.43 |
| | Share in Profit for the year | (8.35) | (103.28) |
| | **Carrying value of investments at the year end** | 166.80 | 175.15 |

## Notes to the Consolidated Financial Statements

| Particulars | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| **(ii) Gujarat Green Revolution Company Limited** | | |
| Opening Carrying value of Investment | 6,878.09 | 6,019.86 |
| Share in Profit for the year | 927.28 | 855.98 |
| Add: Share in Other Comprehensive Income for the year | (2.77) | 2.25 |
| **Carrying value of investments at the year end** | **7,802.60** | **6,878.09** |
| **(iii) Karnalyte Resources Inc** | | |
| Opening Carrying value of Investment | 3,725.88 | 2,520.04 |
| Carrying Value for further acquisition | - | 1,956.34 |
| Impairment Provision recognised | (870.03) | - |
| Share in Profit for the year | (624.97) | (750.50) |
| **Carrying value of investments at the year end** | **2,230.88** | **3,725.88** |

**Notes:**

** Less than a Thousand*

a) There is no change in the number of shares compare to previous year, except where specifically mentioned above under each case.

b) As per Notification of Govt of Gujarat, Bhavnagar Energy Company Ltd.(BECL) is Merged with Gujarat State Electricity Corpo. Ltd.(GSECL) As per the Merger scheme, the company has received 1 No of share of GSECL in exchange of 7,12,20,000 No of shares of BECL. The Fair Value of said investment is ₹ Nil as on 31st March 2020 & 31st March 2019.

c) The equity shares held by the Company in Tunisian Indian Fertilizers S.A., Tunisia (TIFERT) have been pledged to secure the obligations of TIFERT to their lenders.

d) Pursuant to the scheme of Amalgamation, GRUH Finance Ltd got amalgamated with Bandhan Bank Ltd in FY 19-20. As per the share swap ratio given in the scheme documents, 568 Share of Bandhan Bank Ltd has been allotted against 1,000 shares of Gruh Finance Ltd. Hence company has received 11,36,000 shares of Bandhan Bank Ltd., in swap of 20,00,000 shares in Gruh Finance Ltd.

e) Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity securities. Refer note 41 for determination of their fair values.

f) The company has provided a loan of USD 2.50 Mn to TIFERT for procurement of critical spares and equipments. Loan has been provided with a condition of compulsory conversion in equity shares of TIFERT after 3 years from the date of agreement and it carries an interest of daily average LIBOR plus a margin of 225 basis points. Principal amount of the loan along with unpaid interest will be converted into equity shares of TIFERT at face value after 3 years of agreement, accordingly the same has been classified as Investment, as in substance the nature is of the investment.

g) Impairment Loss of ₹ 870.03 Lakhs was recognised in the carrying value of investment in Karnalyte Resources Ltd. during FY 2019-20 under the head "Other Expenses" in Profit and Loss Account, taking into consideration consistent operating losses booked by the company and its low market capitalisation. As share valuation has been carried out considering the Replacement cost method, Investment is categorised at Level 3 of the fair value hierarchy.

### 8. Other non-current financial assets

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Unsecured, considered good** | | |
| Other deposits* | 3,007.28 | 4,419.15 |
| **Unsecured, considered doubtful** | | |
| Deposits with companies & others | 102.70 | 102.70 |
| Less: Allowance for doubtful deposits | (102.70) | (102.70) |
| **TOTAL** | **3,007.28** | **4,419.15** |

*Deposit of ₹ 2048.58 lakhs (Previous Year ₹ 1713.03 Lakhs) paid under protest against which legal cases are going on with various Govt authorities.

## 9. Other non current assets

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Capital Advances* | 31,242.46 | 32,152.02 |
| Prepaid Expenses | 5.70 | 6.03 |
| Prepayment for Leasehold Land | 883.06 | 957.44 |
| Others | 156.23 | 204.84 |
| **TOTAL** | **32,287.45** | **33,320.33** |

*Capital advance as on 31st March,2020 includes ₹ 28,576.38 lakhs (₹ 28,857.98 lakhs as at 31st March, 2019) advance for leasehold land pending execution of lease deed towards plot in Dahej.

## 10. Inventories

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Raw materials | 25,115.54 | 24,933.04 |
| Raw materials in Transit | 4,783.75 | 10,308.56 |
| Work-in-Process | 2,014.81 | 1,559.13 |
| Finished goods | 59,041.07 | 63,430.86 |
| Stock in trade | 26,919.61 | 44,538.94 |
| Stock in trade-in Transit | - | 65.16 |
| Stores and spares (including packing material) | 19,468.37 | 20,688.61 |
| Loose tools | 25.60 | - |
| **TOTAL** | **1,37,368.75** | **1,65,524.30** |

## 11. Trade receivables

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Secured, considered good | 1,167.33 | 1,052.65 |
| Unsecured, considered good | 83,810.03 | 80,109.30 |
| Unsecured, credit impaired | 7,413.31 | 6,942.39 |
| **TOTAL** | **92,390.67** | **88,104.34** |
| Less: Allowance for doubtful debts (including ECL) | 7,413.31 | 6,942.39 |
| **TOTAL** | **84,977.36** | **81,161.95** |

The average credit period on sale of goods is 30 to 90 days. No interest is charged on trade receivables up to the expiry of the credit period. Thereafter, interest is charged at 15% per annum on the outstanding balance.The company has one customer i.e. Gujarat Fertilizers Dealers Association which represents more than 5% of the total balance of trade receivables.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. Refer note 41 for the provision matrix at the end of the reporting period, ageing of receivable and movement in the expected credit loss allowance.

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. Refer note 41 for the credit risk management by the Company.

The above balances include trade receivables from related parties ₹ 2913.04 Lakhs (₹ 200.21 Lakhs as on 31 March 2019) Refer note 39.

## 12. Government subsidies receivable

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Subsidy from Government of India under New Urea Policy/Nutrient Based Subsidy Scheme** | | |
| Subsidy Receivable from Government | 1,79,577.30 | 1,66,757.80 |
| Less: Allowance for doubtful debts | 458.29 | 966.38 |
| **TOTAL** | **1,79,119.01** | **1,65,791.42** |

## 13. Cash and cash equivalents

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Cash on hand | 89.20 | 34.06 |
| **Balances with banks** | | |
| In current accounts | 3,315.27 | 4,048.14 |
| | **3,404.47** | **4,082.20** |

## 14. Other bank balances

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| In Unclaimed dividend account-restricted | 544.82 | 544.35 |
| In Fractional bonus account-restricted | - | 10.58 |
| In Deposit accounts (original maturity more than three months) | 816.61 | 2,199.32 |
| **TOTAL** | **1,361.43** | **2,754.25** |

If the dividend has not been claimed within 30 days from the date of its declaration, the Company is required to transfer the total amount of the dividend which remains unpaid or unclaimed, to a special account to be opened by the Company in a scheduled bank to be called "Unpaid Dividend Account". The unclaimed dividend lying in such account is required to be transferred to the Investor Education and Protection Fund (IEPF), administered by the Central Government after a period of seven years from the date of declaration. Company has transferred Unclaimed Dividend upto FY 2011 – 2012 to IEPF upto March 31, 2020.

## 15. Loans

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Secured, considered good** | | |
| Loans to employees* | 18,254.54 | 16,462.35 |
| **Unsecured, considered good** | | |
| Advances to employees | 58.83 | 65.59 |
| Other loans to employees | 836.57 | 873.53 |
| Interest accrued | 17.02 | 42.50 |
| Others | 62.84 | 19.67 |
| | **19,229.80** | **17,463.64** |

**Notes:**

* The loans are secured by mortgage of the underlying assets and are repayable on demand.

Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counter parties. These financial assets are carried at amortised cost.

## Notes to the Consolidated Financial Statements

### 16. Other current financial assets

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Financial assets at fair value through profit & loss** | | |
| Derivatives not designated in hedging relationship | | |
| Foreign exchange derivative contracts | - | 9.40 |
| **Financial assets at amortised cost** | | |
| Others | 964.21 | 470.32 |
| **TOTAL** | **964.21** | **479.72** |

### 17. Other Current Assets

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Unsecured, considered good** | | |
| Balances with govt. agencies | 10,449.51 | 12,280.54 |
| Advances to suppliers* | 8,875.53 | 9,242.06 |
| Prepaid expenses | 139.81 | 438.45 |
| Prepayment for Lease hold lands | 355.98 | 355.97 |
| **TOTAL** | **19,820.83** | **22,317.02** |

* includes advances to related parties ₹ 7242.80 lakhs (₹ 7027.18 lakhs as at 31st March,2019).

### 18. Assets held for sale

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Assets classified as held for sale* | 703.98 | 703.98 |
| **TOTAL** | **703.98** | **703.98** |

* Expected net realizable value is higher than carrying amount.

- The Company decided to sell plant and machinery amounting to ₹ 300.26 Lakhs which is of obsolete technology. The Company expects to sell the same in near future. There is no cost to sell the asset and hence the same is not presented seperately under liabilities.

- The company acquired possession of Residential Property located at New Delhi against outstanding receivables, value of which amounts to ₹ 403.72 Lakhs.

## 19. Share Capital

(₹ in lakhs)

| Particulars | As at 31st March 2020 | | As at 31st March 2019 | |
|---|---|---|---|---|
| | Number of shares Refer Note (a) below | Amount | Number of shares Refer Note (a) below | Amount |
| **Authorised** | | | | |
| Equity Shares of ₹ 2/- each | 1,00,00,00,000 | 20,000.00 | 1,00,00,00,000 | 20,000.00 |
| Redeemable Cumulative Preference Shares of ₹ 100 each | 1,60,00,000 | 16,000.00 | 1,60,00,000 | 16,000.00 |
| | | **36,000.00** | | **36,000.00** |
| **Issued, Subscribed and Paid up:** | | | | |
| **Issued** | | | | |
| Equity Shares: Face value of ₹ 2/- each | | | | |
| Shares outstanding at beginning of the year | 39,91,21,850 | 7,982.44 | 39,91,21,850 | 7,982.44 |
| Shares outstanding at year end | **39,91,21,850** | **7,982.44** | **39,91,21,850** | **7,982.44** |
| **Subscribed** | | | | |
| Equity Shares: Face value of ₹ 2/- each | | | | |
| Shares outstanding at beginning of the year | 39,90,69,685 | 7,981.39 | 39,90,69,685 | 7,981.39 |
| Shares outstanding at year end | **39,90,69,685** | **7,981.39** | **39,90,69,685** | **7,981.39** |
| **Paid-up** | | | | |
| Equity Shares: Face value of ₹ 2/- each | | | | |
| Shares outstanding at beginning of the year | 39,84,77,530 | 7,969.55 | 39,84,77,530 | 7,969.55 |
| Shares outstanding at year end | **39,84,77,530** | **7,969.55** | **39,84,77,530** | **7,969.55** |
| **TOTAL** | **39,84,77,530** | **7,969.55** | **39,84,77,530** | **7,969.55** |

### a) Reconciliation of Shares outstanding at the beginning and the end of the reporting period

(₹ in lakhs)

| Particulars | As at 31st March 2020 | | As at 31st March 2019 | |
|---|---|---|---|---|
| | Number of shares | Amount | Number of shares | Amount |
| **Equity Shares** | | | | |
| At the beginning of the year | 39,84,77,530 | 7,969.55 | 39,84,77,530 | 7,969.55 |
| Issued / Reduction, if any during the year | - | - | - | - |
| Outstanding at the end of the year | 39,84,77,530 | 7,969.55 | 39,84,77,530 | 7,969.55 |

### b) Rights, preferences and restrictions attached to shares

#### Equity shares

The Company has one class of equity shares having a par value of ₹ 2 each. Each shareholder is eligible for one vote per share held. The dividend proposed by Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### c) Shareholders holding more than 5% of equity share capital

| Particulars | As at 31st March 2020 | | As at 31st March 2019 | |
|---|---|---|---|---|
| | Number of shares | Percentage of holding | Number of shares | Percentage of holding |
| Gujarat State Investments Limited | 15,07,99,905 | 37.84 | 15,07,99,905 | 37.84 |
| Life Insurance Corporation of India | 3,17,97,658 | 7.98 | 3,17,97,658 | 7.98 |
| Fidelity Puritan Trust-Fidelity Low priced stock fund | 2,85,00,000 | 7.15 | 2,85,00,000 | 7.15 |

d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL

e) Calls Unpaid: NIL, Forfeited Shares : ₹ 11.84 Lakhs

## 20. Other equity

(₹ in lakhs)

| Particulars | Reserves & Surplus | | | | | Items of OCI | |
|---|---|---|---|---|---|---|---|
| | Capital reserve | Security premium | Capital redemption reserve | General reserve | Retained earnings | Equity Instruments through OCI | Total Equity |
| **Balance as at April 01, 2018** | **1,256.33** | **30,524.02** | **3,335.00** | **4,46,153.31** | **47,352.44** | **1,93,750.09** | **7,22,371.18** |
| Capital Reserve on acquisition of shares in Associates | 1,200.38 | | | | | | 1,200.38 |
| Profit for the year | - | - | - | - | 49,313.29 | - | 49,313.29 |
| Other comprehensive income for the year net of income tax | - | - | - | - | - | (37,373.54) | (37,373.54) |
| Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax | - | - | - | - | (834.77) | - | (834.77) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **48,478.54** | **(37,373.54)** | **11,104.99** |
| Dividends paid [Note 20] | - | - | - | - | (8,766.51) | - | (8,766.51) |
| Dividend Distribution Tax (DDT) [Note 20] | - | - | - | - | (1,811.77) | - | (1,811.77) |
| Transfer to General reserve | - | - | - | 38,000.00 | (38,000.00) | - | - |
| **Balance as at March 31, 2019** | **2,456.71** | **30,524.02** | **3,335.00** | **4,84,153.31** | **47,252.69** | **1,56,376.56** | **7,24,098.28** |
| **Balance as at April 01, 2019** | **2,456.71** | **30,524.02** | **3,335.00** | **4,84,153.31** | **47,252.69** | **1,56,376.56** | **7,24,098.28** |
| Profit for the year | - | - | - | - | 10,958.45 | - | 10,958.45 |
| Other comprehensive income for the year net of income tax | - | - | - | - | - | (26,181.19) | (26,181.19) |
| Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax | - | - | - | - | (20,122.40) | - | (20,122.40) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **(9,163.95)** | **(26,181.19)** | **(35,345.14)** |
| Dividends paid [Note 20] | - | - | - | - | (8,766.50) | - | (8,766.50) |
| Dividend Distribution Tax (DDT) [Note 20] | - | - | - | - | (1,811.40) | - | (1,811.40) |
| **Balance as at March 31, 2020** | **2,456.71** | **30,524.02** | **3,335.00** | **4,84,153.31** | **27,510.84** | **1,30,195.36** | **6,78,175.24** |

## Distributions made and proposed

(₹ in lakhs)

| Particulars | Amount |
|---|---|
| **Cash dividends on equity shares declared and paid:** | |
| Final dividend for the year ended on 31 March 2019: ₹ 2.20 per share (31 March 2018: ₹ 2.20 per share) | 8,766.50 |
| DDT on final dividend | 1,811.40 |
| **Total cash dividends declared and paid** | **10,577.90** |
| **Proposed dividends on Equity shares:** | |
| Final dividend for the year ended on 31 March 2020: ₹ 1.20 per share (31 March 2019: ₹ 2.20 per share) | 4,781.73 |
| **Total Proposed dividends** | **4,781.73** |
| Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability | |

1. **Capital Reserve:** This reserve has been created from amounts forfeited on shares not fully paid up, scheme of capital subsidy for industries in backwards areas, etc. It is not available for distribution of dividend.
2. **Securities Premium:** The amount received in excess of face value of the Rights Equity shares issued have been recognised in Share Premium Reserve, etc. It is not available for distribution of dividend.
3. **Capital Redemption Reserve:** Capital Redemption Reserve has been created against the redemption of preference shares in earlier years. It is not available for distribution of dividend.
4. **General Reserve:** General Reserve represents a reserve other than capital reserve which is not earmarked for a specific purpose.
5. **Retained Earnings:** Retained Earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.
6. **Other comprehensive income (OCI):** OCI comprises items of income and expenses (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by Indian Accounting Standards. The components of OCI include: re-measurements of defined benefit plans, gains and losses arising from investment in equity instruments.

## 21. Long term borrowings

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Secured** | | |
| Term loan from bank | 9,333.33 | 14,666.67 |
| **TOTAL** | **9,333.33** | **14,666.67** |

**Note:**

The term loan from bank comprises of Rupee Term Loan (RTL) from EXIM bank for 40,000 MTPA Melamine III Project at Baroda Unit of GSFC having tenure of 5 years. The sanctioned limit of the loan is ₹ 500 Crores carrying G-sec rate prevailing as on the date of disbursement with spread of 160 bps (G – sec rate and spread is subject to reset annually). GSFC had outstanding balance of ₹ 146.67 Crores as on 31.03.2020. The effective rate of interest was 8.14%. This loan is secured by hypothecation of movable fixed assets of the said project. The principal amount of loan is repayable over a period of 15 equal quarterly installments commencing after a moratorium of 18 months from the date of first disbursement which was due on 01.04.2019 and GSFC has repaid principal amount of ₹ 53.33 Crores during F.Y. 2019-20. Future repaymet is due as under:

| Financial Year | Amount in ₹ Lakhs |
|---|---|
| 2020-21 | 5,333.33 |
| 2021-22 | 5,333.33 |
| 2022-23 | 4,000.00 |

## 22. Long term provisions

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Provision for employee benefits** | | |
| Provision for Gratuity (Refer Note 37) | 16,254.74 | 5,714.52 |
| Provision for Pension (Refer Note 37) | 34,068.06 | 19,373.43 |
| Provision for Compensated absences | 23,137.67 | 16,454.70 |
| Provision for Post Retirement Medical Benefit Scheme (PRMBS) (Refer Note 37) | 4,652.65 | 3,839.45 |
| **Other Provisions** | | |
| Provision for Asset Retirement Obligation | 2,032.64 | 1,808.25 |
| **TOTAL** | **80,145.76** | **47,190.35** |

### Movement in provision for Asset Retirement Obligation:

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Balance at Beginning of Year | 1,808.25 | 1,648.11 |
| Additional provision recognised | 224.39 | 160.14 |
| Provision Utilized | - | - |
| Balance at Closing of Year | 2,032.64 | 1,808.25 |

23.

A Income tax asset (net) (₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Advance payment of Income Tax (net) | 15,121.97 | 9,904.01 |

B- Current tax liabilities (net) (₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Provision for Income Tax (net) | 534.06 | 499.07 |

C Deferred tax liabilities (net)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| (a) Statement of Profit & loss | | |
| Profit & loss section | | |
| Current income tax charge (net of MAT credit entitlement) | 299.45 | 11,871.18 |
| Deferred tax relating to origination & reversal of temporary differences | 2,478.95 | 5,481.26 |
| Earlier Year Tax | 348.89 | 228.98 |
| Income tax expense reported in the statement of profit or loss | 3,127.29 | 17,581.41 |
| (b) Other comprehensive income section | | |
| Unrealised (gain)/loss on FVTOCI equity securities | (2,211.04) | (7,346.07) |
| Net loss/(gain) on remeasurements of defined benefit plans | (10,807.00) | (449.59) |
| Income tax charged to OCI | (13,018.04) | (7,795.67) |
| (c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended | | |
| Accounting profit before income tax | 14,091.74 | 66,894.61 |
| Statutory income tax rate | 34.944% | 34.944% |
| Tax at statutory income tax rate of 34.944% | **4,733.23** | **23,375.65** |
| Tax effects of : | | |
| Income not subject to tax | (1,631.06) | (1,323.74) |
| Inadmissible expenses or expenses treated seperately | 13,997.25 | 8,929.45 |
| Admissiable deductions | (16,080.12) | (14,152.87) |
| Deduction Under chapter - VI | (723.10) | (5,072.01) |
| Deferred tax on other items | 2,479.02 | 5,311.04 |
| Others | 3.18 | 284.91 |
| Total Tax effects | (1,954.83) | (6,023.22) |
| Income tax expense | 2,778.39 | 17,352.43 |
| Earlier year tax | 348.89 | 228.98 |
| Income tax expense reported in statement of Profit & loss | 3,127.29 | 17,581.42 |

**(d) Deferred tax relates to the following:** **(₹ in lakhs)**

| | Balance sheet | | Profit & loss | |
|---|---|---|---|---|
| | **31-Mar-20** | **31-Mar-19** | **2019-20** | **2018-19** |
| Property, plant and equipment | (56,539.20) | (50,581.93) | (5,957.27) | 4,778.95 |
| Expenses allowable for tax purpose when paid | 11,296.29 | 8,288.77 | 3,007.52 | 637.80 |
| Investments in Equity instruments | 21,319.36 | 19,108.32 | 2,211.04 | (7,346.08) |
| Fair valuation of deposits | 0.36 | 0.41 | (0.05) | 0.23 |
| Actuarial loss on Defined benefit plan | 20,012.89 | 9,205.89 | 10,807.00 | (449.60) |
| Fair valuation of Derivatives | (6.65) | (6.65) | - | 0.01 |
| Machinery Spares | 1,464.17 | 1,464.17 | - | (0.00) |
| Undistributed profit of associates | (1,453.67) | (1,453.67) | - | 157.97 |
| Provision for PF Cont. ILFS | 310.22 | - | 310.22 | - |
| Allowance for doubtful debts | 5,378.18 | 5,303.07 | 75.11 | 12.98 |
| ARO provision-Windmill | 440.46 | 389.91 | 50.55 | (55.96) |
| ARO provision-Solar | 3.42 | - | 3.42 | - |
| Leasehold Building IND AS | 14.98 | - | 14.98 | - |
| ICDS Impact | 112.42 | 95.83 | 16.59 | (51.80) |
| Reclassification of MAT Credit entitlement | 2,919.04 | 4,688.47 | (1,769.43) | (554.39) |
| **Deferred tax expense/(income)** | | | **8,769.67** | **(2,869.89)** |
| **Net deferred tax assets/(liabilities)** | **5,272.26** | **(3,497.41)** | | |
| **Reconciliation of deferred tax liabilities (net):** | | | | |
| **Opening Balance as at** | **31-Mar-19** | **31-Mar-18** | | |
| | **(3,497.41)** | **(6,367.28)** | | |
| Tax income/(expense) during the period recognised in P&L | (2,478.94) | (5,481.26) | | |
| Tax income / (Expense) MAT credit recognised in P&L | (1,769.43) | 554.39 | | |
| Tax income/(expense) during the period recognised in Retained Earnings | - | 1.07 | | |
| Tax income/(expense) during the period recognised in OCI | 13,018.04 | 7,795.67 | | |
| **Closing balance as at** | **5,272.26** | **(3,497.41)** | | |
| | **31-Mar-20** | **31-Mar-19** | | |

**Notes:**

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

### 24. Financial Liabilities- borrowings

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Secured** | | |
| **Loans repayable on demand** | | |
| **From Banks** | | |
| Cash credit account * | 4,149.44 | 16,365.96 |
| **Unsecured** | | |
| **Loans repayable on demand** | | |
| Short term working capital demand loan/over drafts from banks | 21,186.61 | 2.83 |
| Inter Corporate Deposits | 54,000.00 | 70,500.00 |
| **Other loans and advances** | | |
| Commercial papers | 30,000.00 | - |
| Buyers credit and bill discounting facility | 31,905.40 | - |
| **TOTAL** | **1,41,241.45** | **86,868.79** |

* The Cash credit facility from consortium of banks is secured by hypothecation of stock of raw materials, finished products, packing materials, general stores, spares, book debts etc. of the Company.

**Interest rate details for short term borrowings:**

(i) Cash credit accounts carrier interest rates ranging from 7.70% to 9.45% p.a.

(ii) Working capital demand loan carries interest rate ranging from 6.60% to 7.35% p.a.

(iii) Inter Corporate Deposits carries interest rates ranging from 5.42% to 7.75% p.a.

(iv) Commercial papers carries interest at ranging from 5.26% to 7.19% p.a.

(v) Buyers credit carries interest at ranging from 1.04% to 2.35% p.a.

### 25. Current financial liabilities-trade payables

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Due to Micro, Small and Medium Enterprises (MSMED)* | 809.66 | 1,057.41 |
| Others** | 42,757.80 | 1,02,808.75 |
| **TOTAL** | **43,567.46** | **1,03,866.16** |

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year | 809.66 | 1,057.41 |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year | NIL | NIL |
| (iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day | NIL | NIL |
| (iv) The amount of interest due and payable for the year | NIL | NIL |
| (v) The amount of interest accrued and remaining unpaid at the end of the accounting year | NIL | NIL |
| (vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | NIL | NIL |

* Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

** The above balances include trade payables to related parties ₹ 1738.61 Lakhs (₹ 2473.63 Lakhs as on 31 March 2019) Refer Note 39.

## 26. Other current financial liabilities

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Financial liabilities at fair value through profit & loss** | | |
| Derivatives not designated in hedging relationship | | |
| Foreign exchange derivative contracts | 28.28 | - |
| **Other financial liabilities at amortised cost** | | |
| Current maturities of long term debt | 5,333.33 | 5,333.33 |
| Interest accrued but not due on borrowings | 225.58 | 489.12 |
| Unclaimed dividend* | 544.82 | 544.35 |
| Deposits received | 5,529.13 | 5,410.37 |
| Dues to shareholders for fractional bonus shares | - | 19.42 |
| Liability towards employee benefits | 5,463.34 | 5,742.73 |
| Creditors for capital goods | 12,330.71 | 25,874.23 |
| Lease Liabilities** | 246.47 | - |
| Other payables | 81.38 | 188.21 |
| **TOTAL** | **29,783.04** | **43,601.76** |

* These figures do not include any amounts due and outstanding to be credited to Investor Education and Protection Fund.

**** Details of Lease Liabilities :**

| Movement of Lease Liabilities was as under: | As at 31st March, 2020 |
|---|---|
| Opening Balance | - |
| Add: Additions (Transitional impact on adoption of Ind AS 116) | 373.25 |
| Add: Interest recognised during the year | 42.86 |
| Less: Payment Made | 169.64 |
| Closing Balance | 246.47 |

| Contractual maturities of lease liabilities on an undiscounted basis: | As at 31st March, 2020 |
|---|---|
| - Less than one year | 157.62 |
| - One to Five years | 88.85 |
| Closing Balance | 246.47 |

## 27. Other current liabilities

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Advances from customers | 1,737.60 | 1,551.58 |
| Statutory dues | 6,213.27 | 1,768.93 |
| Income received in advance | 3.80 | 3.28 |
| **TOTAL** | **7,954.67** | **3,323.79** |

## Notes to the Consolidated Financial Statements

### 28. Provisions

(₹ in lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Provision for employee benefits** | | |
| Provision for Gratuity (Refer note 37) | 2,382.35 | 1,812.46 |
| Provision for Pension (Refer note 37) | 5,833.69 | 4,476.75 |
| Provision for Compensated absences* | 3,989.48 | 3,507.67 |
| Provision for PRMBS (Refer note 37) | 236.72 | 210.39 |
| **Other Provision**** | 894.94 | 534.59 |
| **TOTAL** | **13,337.18** | **10,541.86** |

* The provision for Compensated absences pertains to accrued ordinary and sick leave entitlements. The change in carrying amount of the provision results from additional provision recognized net of benefits paid.

** Employees' Provident Fund Trust of the Company (GSFC-EPFT) is holding investments aggregating to ₹ 4767 Lakhs in various debt securities issued by IL&FS Group, Dewan Housing Finance Corporation Ltd., Yes Bank Ltd. & Reliance Group. In view of uncertainties regarding recoverability of such investment, the Company has, as a matter of prudence, made a provision of ₹ 1030 Lakhs (21.61%) upto FY 2019-20, of which ₹ 500 Lakhs was provided during FY 2019-20, towards probable incremental employee benefit liability that may arise on the Company on account of any likely shortfall of the GSFC-EPFT in meeting its obligations.Out of this ₹ 142.24 Lakh has been paid in FY 2019-20. (Previous year ₹ NIL). In future company will make provision looking to the development in the matter.

### 29. Revenue from operations

(₹ in lakhs)

| Particulars | Year ended 31st March, 20 | Year ended 31st March, 19 |
|---|---|---|
| **Revenue from sale of products (including subsidy on fertilizers)** | | |
| - Manufactured / Generated products | 5,90,650.92 | 6,07,243.78 |
| - Traded products | 1,89,146.87 | 2,41,823.56 |
| **Total** | **7,79,797.79** | **8,49,067.34** |
| **Revenue from operation above includes:-** | | |
| **Subsidy from Government of India under New Urea Policy/Nutrient Based Subsidy Scheme** | | |
| Pertaining to current year | 2,33,857.00 | 2,46,113.00 |
| Pertaining to earlier years determined during current year | 12,129.00 | 10,369.00 |
| **TOTAL** | **2,45,986.00** | **2,56,482.00** |

As per amendment made by Department of Fertilizers vide notification dated 30th March, 2020 in Modified NPS – III Policy of Urea effective from 2nd April, 2014, the company will be compensated additional ₹ 500 per MT for Urea sales from April, 2014 onwards. Accordingly, the company has recognized Urea subsidy income of ₹ 10375.43 Lakhs in FY 2019-20 out of which ₹ 8747.75 Lakhs pertains to previous years.

### 30. Other income

(₹ in lakhs)

| Particulars | Year ended 31st March, 20 | Year ended 31st March, 19 |
|---|---|---|
| Interest | 2,063.38 | 3,399.76 |
| Dividend from long term investments | 3,490.40 | 3,657.86 |
| Rent | 171.29 | 148.10 |
| Insurance claims | 1,374.56 | 562.37 |
| Excess provision no longer required | 1,042.80 | 1,353.07 |
| Scrap sales | 542.78 | 753.19 |
| Miscellaneous income | 1,965.85 | 878.24 |
| **TOTAL** | **10,651.06** | **10,752.59** |

## 31. Cost of material consumed

(₹ in lakhs)

| Particulars | Year ended 31st March, 20 | Year ended 31st March, 19 |
|---|---|---|
| **Raw Materials** | | |
| Opening stock | 35,241.60 | 25,335.28 |
| Add: Purchases | 3,54,375.75 | 4,32,523.10 |
| Less: Closing stock | 29,899.29 | 35,241.60 |
| **TOTAL** | **3,59,718.06** | **4,22,616.78** |

## 32. Changes in inventory of finished goods, work in process and stock in trade

(₹ in lakhs)

| Particulars | Year ended 31st March, 20 | Year ended 31st March, 19 |
|---|---|---|
| Opening stock | | |
| Finished products | 63,430.85 | 35,812.57 |
| Stock in trade | 44,604.10 | 7,507.30 |
| Work-in-process | 1,559.11 | 1,679.53 |
| | **1,09,594.06** | **44,999.40** |
| Less: Closing stock | | |
| Finished products | 50,520.54 | 63,430.85 |
| Stock in trade | 35,440.14 | 44,604.10 |
| Work-in-process | 2,014.81 | 1,559.11 |
| | **87,975.49** | **1,09,594.06** |
| **(Increase) / Decrease** | **21,618.60** | **(64,594.66)** |

## 33. Employee benefit expenses

(₹ in lakhs)

| Particulars | Year ended 31st March, 20 | Year ended 31st March, 19 |
|---|---|---|
| Salaries, wages, bonus | 57,239.34 | 38,092.09 |
| Contribution to provident, gratuity and superannuation (pension) funds (including provisions) | 8,993.78 | 8,073.55 |
| Staff Welfare expenses | 6,650.46 | 6,902.79 |
| **TOTAL** | **72,883.58** | **53,068.43** |

-Employee benefit expenses includes R&D salary expenses of ₹ 1001.68 lakhs (previous year ₹ 895.91 lakhs)(Refer note no. 42)

-Long Term Wage Revision was due from 1st January 2019 for Staff and Officers of Baroda Unit. The same has been amicably settled and paid.For Sikka Unit, Polymer Unit and Fibre Unit, necessary provisions have been made for Pay revision from due date to 31st March 2020. Wage revision remains valid for four years.

## 34. Finance costs

(₹ in lakhs)

| Particulars | Year ended 31st March, 20 | Year ended 31st March, 19 |
|---|---|---|
| Interest | | |
| - borrowings | 10,532.18 | 5,036.93 |
| - others | 464.98 | 439.47 |
| Other borrowing cost | 482.58 | 624.68 |
| **TOTAL** | **11,479.74** | **6,101.08** |

## 35. Other expenses

(₹ in lakhs)

| Particulars | Year ended 31st March, 20 | Year ended 31st March, 19 |
|---|---:|---:|
| Consumption of stores and spare parts | 12,748.83 | 10,325.57 |
| Water | 2,947.47 | 2,906.41 |
| Packing expenses | 8,470.58 | 9,690.68 |
| Repairs to buildings | 337.14 | 430.61 |
| Repairs to machinery | 6,256.18 | 6,334.35 |
| Other repairs | 673.99 | 829.61 |
| Insurance | 1,012.22 | 581.65 |
| Rent, rates and taxes | 2,555.72 | 665.47 |
| Product transportation, distribution & loading & unloading charges | 33,567.16 | 35,472.07 |
| Depots and farm information centers expense | 4,981.41 | 3,692.14 |
| Marketing expense reimbursement, demonstration, extension services and publicity etc. | 588.86 | 1,170.23 |
| Foreign exchange gain/loss (net) | 3,102.88 | 6,909.72 |
| Directors sitting fees | 8.90 | 7.30 |
| Auditors' remuneration * | 24.17 | 26.15 |
| Cost auditors' fees | 5.17 | 5.16 |
| Loss on fixed assets sold/discarded | 424.08 | 17.23 |
| Allowance for doubtful debts | 536.08 | 38.86 |
| Amortisation of leasehold land | 355.98 | 355.98 |
| Donations and contributions | 878.14 | 420.68 |
| Miscellaneous | 5,131.17 | 4,993.25 |
| Impairment in value of Investment | 870.03 | - |
| **TOTAL** | **85,476.16** | **84,873.09** |
| Other expenses includes R&D expenses of ₹ 13.13 lakhs (previous year ₹ 10.43 lakhs) in respective heads (Refer note no. 42) | | |

### *Auditors' remuneration

| Particulars | Year ended 31st March, 20 | Year ended 31st March, 19 |
|---|---:|---:|
| **Payment to Statutory Auditors:** | | |
| For Statutory audit | 7.70 | 7.60 |
| For Taxation matters | 2.40 | 2.40 |
| For other services (including Limited Review fees & certification) | 12.42 | 14.65 |
| For Reimbursement of expenses | 1.65 | 1.50 |
| | **24.17** | **26.15** |

## 36. Earnings per share (EPS):

(₹ in lakhs)

| Particulars | Year ended 31st March, 20 | Year ended 31st March, 19 |
|---|---|---|
| **i. Profit attributable to Equity holders of the Company** | | |
| **Profit attributable to equity holders of the Company** | | |
| Continuing operations | 10,959.05 | 49,313.29 |
| Discontinued operations | - | - |
| Profit attributable to equity holders of the Company for basic earnings | 10,959.05 | 49,313.29 |
| Effect of dilution | - | - |
| **Profit attributable to equity holders of the Company adjusted for the effect of dilution** | **10,959.05** | **49,313.29** |
| **ii. Weighted average number of ordinary shares** | | |
| Issued ordinary shares | 39,84,77,530 | 39,84,77,530 |
| Effect of dilution | - | - |
| | 39,84,77,530 | 39,84,77,530 |
| **Basic EPS (₹)** | 2.75 | 12.38 |
| **Diluted EPS (₹)** | 2.75 | 12.38 |
| **Nominal value per share (₹)** | 2.00 | 2.00 |

## 37. Employment benefit plans

**a) The Company operates post employment and other long term employee benefits defined plans as follows:**

**I. Funded**

i. Gratuity

ii. Pension

**II. Unfunded**

i. Post retirement medical benefit scheme

Aforesaid post-employment benefit plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

**Investment Risk:** The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

**Interest Risk:** A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.

**Longevity Risk:** The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary Risk:** The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

**b) Defined contribution plans:**

Amount towards Defined Contribution Plans have been recognised under "Contributions to Providend, Gratuity and Superannuation Fund (pension) Funds (including provisions)" in Note : 33 ₹ 4049.22 lakhs for FY 2019-20 (₹ 2996.94 lacs for FY 2018-19).

## Notes to the Consolidated Financial Statements

### 37. Employment benefit plans (Contd...)

### c) Details of funded & unfunded plans are as follows:

(₹ in lakhs)

| Description | Pension | | Gratuity | |
|---|---|---|---|---|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| **1. Changes In Present Value of obligation** | | | | |
| a. Obligation as at the beginning of the year | 61,093.93 | 61,080.53 | 29,003.72 | 27,860.47 |
| b. Current Service Cost | 798.02 | 796.25 | 1,284.48 | 1,259.31 |
| c. Interest Cost | 4,752.04 | 4,739.84 | 2,232.93 | 2,182.49 |
| d. Actuarial (Gain)/Loss | 18,870.75 | 303.51 | 10,969.21 | 741.81 |
| e. Benefits Paid | (5,637.82) | (5,826.19) | (3,054.02) | (3,040.36) |
| f. Obligation as at the end of the year | 79,876.92 | 61,093.93 | 40,436.32 | 29,003.72 |
| The defined benefit obligation is | Funded | Funded | Funded | Funded |
| **2. Changes in Fair Value of Plan Assets** | | | | |
| a. Fair Value of Plan Assets as at the beginning of the year | 37,243.76 | 35,631.39 | 21,476.75 | 21,376.92 |
| b. Expected return on Plan Assets | 2,896.82 | 2,765.00 | 1,654.18 | 1,674.89 |
| c. Actuarial Gain/(Loss) | (170.10) | (107.38) | (8.02) | (70.52) |
| d. Contributions | 5,642.52 | 4,780.95 | 1,730.34 | 1,535.82 |
| e. Benefits Paid | (5,637.82) | (5,826.19) | (3,054.02) | (3,040.36) |
| f. Fair Value of Plan Assets as at the end of the year | 39,975.18 | 37,243.76 | 21,799.23 | 21,476.75 |
| **3. Amount Recognised In The Balance Sheet** | | | | |
| a. Fair Value of Plan Assets as at the end of the year | 39,975.18 | 37,243.76 | 21,799.23 | 21,476.75 |
| b. Present Value of Obligation as at the end of the year | (79,876.92) | (61,093.93) | (40,436.32) | (29,003.72) |
| c. Amount recognised in the Balance Sheet | (39,901.74) | (23,850.18) | (18,637.09) | (7,526.97) |
| **4. Expense recognised in P & L during the year** | | | | |
| a. Current Service Cost | 798.02 | 796.25 | 1,284.48 | 1,259.31 |
| b. Net Interest Cost | 1,855.22 | 1,974.84 | 578.75 | 507.60 |
| c. Expense recognised during the year | 2,653.24 | 2,771.09 | 1,863.23 | 1,766.91 |
| **5. Expense recognised in OCI during the year** | | | | |
| a. Return on Plan Assets, Excluding Interest Income | 170.10 | 107.38 | 8.02 | 70.52 |
| b. Actuarial (Gain)/Loss recognised on Obligation | 18,870.75 | 303.51 | 10,969.21 | 741.81 |
| c. Net (Income)/Expense recognised during the year | 19,040.85 | 410.89 | 10,977.23 | 812.33 |
| **6. Investment Details of Plan Assets** | | | | |
| Administered by LIC of India | 100% | 100% | 100% | 100% |

| Maturity Profile | Pension | | Gratuity | | PRMBS | |
|---|---|---|---|---|---|---|
| Projeted benefit payable in future year from the date of reporting | 2019-20 | 2018-19 | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| 1st Following year | 9,062.84 | 8,264.41 | 5,040.86 | 3,763.98 | 236.72 | 210.39 |
| 2nd Following year | 6,172.27 | 4,781.35 | 3,119.60 | 2,314.11 | 250.37 | 222.75 |
| 3rd Following year | 11,280.78 | 7,264.87 | 5,260.30 | 3,367.34 | 265.79 | 235.95 |
| 4th Following year | 11,927.10 | 8,047.22 | 6,071.63 | 3,738.51 | 284.92 | 250.81 |
| 5th Following year | 10,537.22 | 9,450.90 | 4,902.16 | 4,350.66 | 299.73 | 269.05 |
| Sum of year 6 to 10 | 37,430.80 | 32,595.43 | 18,919.52 | 14,324.85 | 1,672.81 | 1,530.07 |
| Sum of year 11 and above | - | - | 21,074.56 | 16,530.70 | - | - |

**37. Employment benefit plans (Contd...)** (₹ in lakhs)

| Description | PRMBS | |
|---|---|---|
| | 2019-20 | 2018-19 |
| **1. Changes In Present Value of the defined benefit obligation** | | |
| a. Obligation as at the beginning of the year | 4,049.84 | 4,037.11 |
| b. Current Service Cost | 182.27 | 166.89 |
| c. Interest Cost | 315.08 | 290.54 |
| d. Actuarial (Gain)/Loss | 908.56 | 63.38 |
| e. Benefits Paid | (566.37) | (508.08) |
| f. Obligation as at the end of the year | 4,889.38 | 4,049.84 |
| The defined benefit obligation is | Unfunded | Unfunded |
| **2. Amount Recognised In The Balance Sheet** | | |
| a. Fair Value of Plan Assets as at the end of the year | — | — |
| b. Present Value of Obligation as at the end of the year | (4,889.38) | (4,049.84) |
| c. Amount recognised in the Balance Sheet | (4,889.38) | (4,049.84) |
| **3. Expense recognised in P & L during the year** | | |
| a. Current Service Cost | 182.27 | 166.89 |
| b. Interest Cost | 315.08 | 290.54 |
| c. Expense recognised during the year | 497.35 | 457.43 |
| **4. Expense recognised in OCI during the year** | | |
| a. Return on Plan Assets,Excluding Interest Income | — | — |
| b. Actuarial (Gain)/Loss recognised on Obligation | 908.56 | 63.38 |
| c. Net (Income)/Expense recognised during the year | 908.56 | 63.38 |

The expense is disclosed in Note No. 33 - “Employee Benefit Expenses”, Pension & Gratuity are disclosed in line item - Contribution to Provident Fund,and provision to Gratuity, Superannuation (Pension) Funds. Leave Encashment is disclosed in line item - Salaries, Wages and Bonus and PRMBS is disclosed in line item - Welfare funds.

| d) Assumptions | 31.03.2020 | 31.03.2019 |
|---|---|---|
| a. Discount Rate (per annum) | 6.84% | 7.78% |
| b. Estimated Rate of return on Plan Assets (per annum) | N.A. | N.A. |
| c. Salary Escalation Rate (per annum) | 6% | 6% |
| d. Salary Medical Inflation Rate (per annum) | N.A. | N.A. |

e. The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

f. The estimate of mortality rate during employment has been considered as per Indian Assured Lives Mortality (2006-08).

g. Provident Fund contributions are made to Trusts administered by the Company. The interest rate payable to the members of the Trusts shall not be lower than the statutory rate of interest declared by the Central Government under the Employees provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company.

## 37. Employment benefit plans (Contd...)

(₹ in lakhs)

| Description | 2019-20 | | |
|---|---|---|---|
| | Pension | Gratuity | PRMBS |
| **e) Effect of one percentage point change in the assumed Discount Rate** | | | |
| a. One percentage point increase in Discount Rate | (4,007.39) | (2,029.51) | (519.79) |
| b. One percentage point decrease in Discount Rate | 3,981.98 | 2,289.84 | 639.87 |
| **Effect of one percentage point change in the assumed Salary Escalation Rate** | | | |
| a. One percentage point increase in Salary Escalation Rate | 3,965.10 | 2,285.74 | NA |
| b. One percentage point decrease in Salary Escalation Rate | (4,062.15) | (2,078.19) | NA |
| **Effect of one percentage point change in the assumed medical inflation rate-Benefit Obligation** | | | |
| a. One percentage point increase in medical inflation rate | NA | NA | 652.17 |
| b. One percentage point decrease in medical inflation rate | NA | NA | (537.10) |

**f) Details of funded & unfunded plans are as follows:**

(₹ in lakhs)

| Pension | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 |
|---|---|---|---|---|---|
| **Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)** | | | | | |
| 1 Present Value of Defined Benefit Obligation | 79,876.92 | 61,093.93 | 61,080.53 | 58,669.04 | 50,362.00 |
| 2 Fair Value of Plan Assets | 39,975.18 | 37,243.76 | 35,631.39 | 32,985.70 | 31,863.73 |
| 3 Status [Surplus/(Deficit)] | (39,901.74) | (23,850.18) | (25,449.14) | (25,683.34) | (18,498.27) |
| 4 Experience Adjustment of Plan Assets [Gain/(Loss)] | (170.10) | (107.38) | 323.70 | 116.31 | - |
| 5 Experience/Assumptions Adjustment of obligation [(Gain)/Loss] | 18,870.75 | 303.51 | 1,858.06 | 7,958.89 | 15,143.18 |
| **Gratuity** | **2019-20** | **2018-19** | **2017-18** | **2016-17** | **2015-16** |
| **Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)** | | | | | |
| 1 Present Value of Defined Benefit Obligation | 40,436.32 | 29,003.72 | 27,860.47 | 27,890.11 | 26,260.45 |
| 2 Fair Value of Plan Assets | 21,799.23 | 21,476.75 | 21,376.92 | 19,143.29 | 18,443.70 |
| 3 Status [Surplus/(Deficit)] | (18,637.09) | (7,526.97) | (6,483.55) | (8,746.82) | (7,816.75) |
| 4 Experience Adjustment of Plan Assets [Gain/(Loss)] | (8.02) | (70.52) | 196.79 | 19.15 | - |
| 5 Experience/Assumptions Adjustment of obligation [(Gain)/Loss] | 10,969.21 | 741.81 | (1,134.55) | 636.00 | 4,665.37 |

## 37. Employment benefit plans (Contd...)

(₹ in lakhs)

| PRMBS | | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 |
|---|---|---|---|---|---|---|
| **Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)** | | | | | | |
| 1 | Present Value of Defined Benefit Obligation | 4,889.38 | 4,049.84 | 4,037.11 | 3,947.53 | 3,636.09 |
| 2 | Fair Value of Plan Assets | - | - | - | - | - |
| 3 | Status [Surplus/(Deficit)] | (4,889.38) | (4,049.84) | (4,037.11) | (3,947.53) | (3,636.09) |
| 4 | Experience Adjustment of Plan Assets [Gain/(Loss)] | - | - | - | - | - |
| 5 | Experience/Assumptions Adjustment of obligation [(Gain)/Loss] | 908.56 | 63.38 | 122.04 | 362.45 | 354.77 |

## 38. Commitment and contingencies

### a. Commitments

(₹ in lakhs)

| Particulars | | As at 31st March, 20 | As at 31st March, 19 |
|---|---|---|---|
| (i) | Estimated amount of contracts remaining to be executed on capital accounts and not provided for | 6,897.18 | 12,757.00 |

### b. Contingent liabilities

(₹ in lakhs)

| Particulars | | As at 31st March, 20 | As at 31st March, 19 |
|---|---|---|---|
| **Claims against the Company not acknowledgement as debt** | | | |
| (i) | Excise and Customs duty | 9,122.86 | 12,366.00 |
| (ii) | Central sales tax and value added tax | 5,661.17 | 5,661.00 |
| (iii) | Income tax | 16,260.73 | 13,776.01 |
| (iv) | Other claims by: | | |
| | **Income tax assessment orders contested** | 3,289.00 | 5,674.20 |
| - | Others | 67,859.43 | 43,862.00 |
| - | Department of Fertilizers, total amount not quantifiable, demands stayed, matter pending with High Courts | Refer Note:12 | Refer Note:12 |
| - | Employees / ex-employees, contractual labour – pending before courts | Not ascertainable | Not ascertainable |

In respect of the above, the expected outflow will be determined at the time of final resolution of the dispute.

### c. Contingent Assets

The Company does not have any contingent assets.

## 39. Related party transactions

(₹ in lakhs)

| Name of the Party | Nature of Relationship | Nature of Transaction | 2019-20 | 2018-19 |
|---|---|---|---|---|
| Vadodara Enviro Channel Ltd. (Erstwhile Effluent Channel Project Ltd.) | Associate | Usage of effluent channel | 346.20 | 317.20 |
| | | Outstanding balance-Payable | 17.15 | 22.71 |
| Gujarat Green Revolution Company | Associate | Expenses recovered | 336.22 | 165.30 |
| | | ICD Received | 10,000.00 | 5,500.00 |
| | | ICD Repaid | - | 5,500.00 |
| | | Interest expense on ICD | 595.18 | 33.86 |
| | | Dividend Received | 6.25 | 6.25 |
| | | Outstanding balance-Receivable | 194.78 | 58.27 |
| | | Outstanding balance - loan (ICD) | 10,000.00 | - |
| Karnalyte Resources Inc. | Associate | Expenses recovered | 156.04 | 85.87 |
| | | Provision for Investment | 870.03 | - |
| | | Outstanding balance-Payable | - | 15.72 |
| | | Outstanding balance-Receivable | 39.89 | - |
| Tunisian Indian Fertilizer Company (TIFERT) | Other related party | Purchase of Material | 35,300.58 | 33,545.39 |
| | | Expenses recovered | 38.80 | 26.57 |
| | | Provision for Investment | 1,802.67 | - |
| | | Advance to vendor | 7,242.80 | 7,027.18 |
| | | Outstanding balance-Receivable | 2,497.07 | 1,357.10 |
| GSFC Education society | Other related party | Donation Granted | 563.17 | 508.49 |
| | | Outstanding balance-Payable | 163.17 | - |
| Chairman & Managing Director | Key Management Personnel | Remuneration | 178.45 | 129.60 |
| V D Nanavaty – ED (Finance) & CFO | Key Management Personnel | | | |
| V V Vachhrajani, CS & SVP(Legal) | Key Management Personnel | | | |
| Gujarat Alkalies and Chemicals Limited | Other related party | Purchase of Materials | 1,824.15 | 2,401.10 |
| | | Sale of Product | 835.89 | 1,242.51 |
| | | Expenses recovered | 3.30 | 6.79 |
| | | Outstanding balance-payable | 118.75 | 112.47 |
| | | Dividend Received | 132.40 | 107.58 |
| | | Outstanding balance-receivable | 121.70 | 108.13 |
| Gujarat Narmada Valley Fertilizers Company Limited | Other Related Party | Purchase of Materials | 198.34 | 585.96 |
| | | Fees for Services | 30.20 | 34.17 |
| | | Sale of Material | 1,039.33 | 6,909.14 |
| | | Dividend Received | 2,154.54 | 2,308.44 |
| | | Outstanding balance-Payable | 0.62 | (14.62) |
| | | Outstanding balance-Receivable | 53.50 | 26.31 |
| Gujarat Industries Power Company Limited. | Other Related Party | Purchase of power | 15,579.45 | 17,822.01 |
| | | Sale of power | 107.27 | 187.47 |
| | | Dividend Received | 648.52 | 603.79 |
| | | Expenses recovered | - | 20.46 |
| | | Outstanding balance-Receivable | 6.10 | 7.49 |
| | | Outstanding balance-Payable | 863.97 | 8.91 |
| Gujarat State Petroleum Corporation Ltd. | Other Related Party | Purchase of Gas | 21,539.82 | 3,854.86 |
| | | Fees for Services | - | 5.90 |
| | | Outstanding balance-payable | 338.22 | 99.99 |
| Indian Potash Ltd. | Other Related Party | Purchase of Material | 9,829.51 | 13,556.11 |
| | | Dividend Received | 33.75 | 33.75 |
| | | Outstanding balance-payable | 236.73 | 2,228.45 |
| The Fertilizer Association of India | Other Related Party | Fees for Services | 37.33 | 19.86 |

### Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Related Party Transaction amounts shown in above table are inclusive of taxes.Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31st March,2019: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

### Transactions with key management personnel:

(₹ in lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | 31-Mar-20 | 31-Mar-19 |
| Short term employee benefits | 157.52 | 117.53 |
| Post employment benefits | 10.67 | 6.17 |
| Long-term employee benefits | 10.26 | 5.90 |
| **Total** | **178.45** | **129.60** |

## 40. Segment information

For management purposes, the company is organised into business units based on its products and has two reportable segments, as follows:

1. **Fertilizer products** comprising of Urea, Ammonium Sulphate, Di-ammonium Phosphate, Ammonium Phosphate Sulphate, NPK (12:32:16), (10:26:26), traded fertilizer products etc.
2. **Industrial products** comprising of Caprolactam, Nylon-6, Nylon Filament Yarn, Nylon Chips, Melamine, Methanol, Polymer products, traded industrial products etc.

   The Chief Operating Decision Maker ("CODM") evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by the two operating segments. The CODM reviews revenue and gross profit as the performance indicator for both operating segments.

(₹ in lakhs)

| A] | SEGMENT REVENUE: | 31-Mar-20 | 31-Mar-19 |
|---|---|---|---|
| 1 | TOTAL SEGMENT REVENUE | | |
| | a) Fertilizer Products | 6,23,838.37 | 6,31,429.34 |
| | b) Industrial Products | 1,55,959.42 | 2,17,638.00 |
| | TOTAL | 7,79,797.79 | 8,49,067.34 |
| 2 | INTER SEGMENT REVENUE | - | - |
| 3 | EXTERNAL REVENUE (1 - 2) | | |
| | a) Fertilizer Products | 6,23,838.37 | 6,31,429.34 |
| | b) Industrial Products | 1,55,959.42 | 2,17,638.00 |
| | TOTAL | 7,79,797.79 | 8,49,067.34 |
| B] | RESULT: | | |
| 1 | Segment result | | |
| | a) Fertilizer Products | 32,526.16 | 28,984.57 |
| | b) Industrial Products | (6,929.39) | 38,213.00 |
| | TOTAL | 25,596.77 | 67,197.57 |
| 2 | a) Unallocated income | 7,322.15 | 8,884.35 |
| | b) Unallocated expenses | (7,347.44) | (3,086.35) |
| 3 | Operating Profit (B1 + B2) | 25,571.48 | 72,995.56 |
| 4 | Finance Cost | (11,479.74) | (6,100.94) |
| 5 | Provision for Taxation: | | |
| | Current Income Tax | (299.45) | (12,560.55) |
| | Deferred Tax (net) | (2,478.95) | (5,481.26) |
| | MAT credit recognised | - | 689.37 |
| | Earlier Year Tax | (348.89) | (228.98) |
| 6 | Net Profit | 10,964.45 | 49,313.20 |
| C] | OTHER INFORMATION: | | |
| 1 | Segment assets | | |
| | a) Fertilizer Products | 5,19,394.46 | 5,34,722.73 |
| | b) Industrial Products | 2,15,257.30 | 2,08,934.42 |
| | TOTAL | 7,34,651.76 | 7,43,657.15 |
| 2 | Unallocated corporate assets | 2,77,623.53 | 3,02,706.50 |
| 3 | Total Assets | 10,12,275.29 | 10,46,363.65 |
| 4 | Segment Liabilities | | |
| | a) Fertilizer Products | 97,798.57 | 1,46,162.96 |
| | b) Industrial Products | 75,965.54 | 73,695.00 |
| | TOTAL | 1,73,764.11 | 2,19,857.96 |
| 5 | Unallocated corporate liabilities | 1,52,237.87 | 94,314.16 |
| 6 | Total Liabilities | 3,26,001.98 | 3,14,172.12 |

## 40. Segment information (Contd.)

(₹ in lakhs)

| | 31-Mar-20 | 31-Mar-19 |
|---|---|---|
| **7 Capital Expenditure** | | |
| a) Fertilizer Products | 10,007.80 | 6,081.20 |
| b) Industrial Products | 1,919.80 | 14,525.73 |
| c) Corporate Capital Expenditure | 2,619.66 | 5,526.70 |
| **TOTAL** | **14,547.26** | **26,133.63** |
| **8 Depreciation and Amortisation** | | |
| a) Fertilizer Products | 8,136.90 | 7,485.52 |
| b) Industrial Products | 8,693.87 | 4,946.40 |
| c) Unallocated corporate Depreciation | 264.10 | 193.47 |
| **TOTAL** | **17,094.87** | **12,625.39** |
| **9 Non-Cash expenses** | | |
| a) Fertilizer Products | 27,324.23 | 6,024.31 |
| b) Industrial Products | 18,915.28 | 3,775.33 |
| c) Unallocated non-cash expenses | 274.73 | 44.27 |
| **TOTAL** | **46,514.24** | **9,843.91** |

## 41. Financial instruments – Fair values and risk management

### A. Accounting classification and fair values

The carrying value of financial instruments by categories as of 31st March, 2020 is as follows. (₹ in lakhs)

| Particulars | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortised Cost | Total | Level 1 - Quoted price in active markets | Level 2 - Significant observable inputs | Level 3 - Significant unobservable inputs | Total |
| **Financial assets** | | | | | | | | |
| Non-current investments | - | 1,98,540.90 | 10,200.29 | 2,08,741.19 | 1,61,016.88 | - | 37,524.02 | 1,98,540.90 |
| Other Non-current financial asset | - | - | 3,007.28 | 3,007.28 | - | - | - | - |
| Trade receivables | - | - | 84,977.36 | 84,977.36 | - | - | - | - |
| Government subsidy receivable | - | - | 1,79,119.00 | 1,79,119.00 | - | - | - | - |
| Cash and cash equivalents | - | - | 3,404.47 | 3,404.47 | - | - | - | - |
| Other bank balances | - | - | 1,361.43 | 1,361.43 | - | - | - | - |
| Current loans | - | - | 19,229.80 | 19,229.80 | - | - | - | - |
| Derivative financial instruments | - | - | - | - | - | - | - | - |
| Other Current financial asset | - | - | 964.21 | 964.21 | - | - | - | - |
| | **-** | **1,98,540.90** | **3,02,263.85** | **5,00,804.75** | **1,61,016.88** | **-** | **37,524.02** | **1,98,540.90** |
| **Financial liabilities** | | | | | | | | |
| Non current borrowings | - | - | 9,333.33 | 9,333.33 | - | - | - | - |
| Current borrowings* | - | - | 1,41,241.45 | 1,41,241.45 | - | - | - | - |
| Trade payables* | - | - | 43,567.46 | 43,567.46 | - | - | - | - |
| Other current financial liabilities | - | - | 29,754.76 | 29,754.76 | - | - | - | - |
| Derivative financial instruments | 28.28 | - | - | 28.28 | - | 28.28 | - | 28.28 |
| | **28.28** | **-** | **2,23,897.00** | **2,23,925.28** | **-** | **28.28** | **-** | **28.28** |
| The carrying value of financial instruments by categories as of 31 st March, 2019 is as follows. | | | | | | | | (₹ in lakhs) |
| **Financial assets** | | | | | | | | |
| Non-current investments | - | 2,25,130.45 | 12,508.53 | 2,37,638.98 | 1,93,720.26 | - | 31,410.19 | 2,25,130.45 |
| Other Non-current financial asset | - | - | 4,419.15 | 4,419.15 | - | - | - | - |
| Trade receivables | - | - | 81,161.95 | 81,161.95 | - | - | - | - |
| Government subsidy receivable | - | - | 1,65,791.42 | 1,65,791.42 | - | - | - | - |
| Cash and cash equivalents | - | - | 4,082.20 | 4,082.20 | - | - | - | - |
| Other bank balances | - | - | 2,754.25 | 2,754.25 | - | - | - | - |
| Current loans | - | - | 17,463.64 | 17,463.64 | - | - | - | - |
| Derivative financial instruments | 9.40 | - | - | 9.40 | - | 9.40 | - | 9.40 |
| Other Current financial asset | - | - | 470.32 | 470.32 | - | - | - | - |
| | **9.40** | **2,25,130.45** | **2,88,651.46** | **5,13,791.31** | **1,93,720.26** | **9.40** | **31,410.19** | **2,25,139.85** |
| **Financial liabilities** | | | | | | | | |
| Non current borrowings | - | - | 14,666.67 | 14,666.67 | - | - | - | - |
| Current borrowings* | - | - | 86,868.79 | 86,868.79 | - | - | - | - |
| Trade payables* | - | - | 1,03,866.16 | 1,03,866.16 | - | - | - | - |
| Other current financial liabilities | - | - | 43,601.76 | 43,601.76 | - | - | - | - |
| | **-** | **-** | **2,49,003.38** | **2,49,003.38** | **-** | **-** | **-** | **-** |

* - carrying value approximates to the fair value

## B. Measurement of fair values & Sensitivity Analysis

### i) Valuation techniques and significant unobservable inputs

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

**Financial instruments measured at fair value** **(₹ in lakhs)**

| Financial assets / financial liabilities | Fair Value (₹ In Lakhs) as at | | Fair Value hierarchy | Valuation technique(s) and key input(s) |
|---|---|---|---|---|
| | 31-03-2020 | 31-03-2019 | | |
| 1) Investments in equity instruments at FVTOCI (quoted) (see note 7) | Listed equity securities in various companies engaged in fertilizer, chemicals,finance, gas, power and mining industry aggregate fair value of ₹ 1,61,016.88 | Listed equity securities in various companies engaged in fertilizer, chemicals,finance, gas, power and mining industry aggregate fair value of ₹ 193,720.26 | Level 1 | Quoted bid prices in an active market |

**(₹ in lakhs)**

| Particulars | Valuation technique(s) & key input(s) | Fair Value (₹ In Lakhs) as at | | Fair Value hierarchy | Significant unobservable input(s) | Relationship of unobservable input(s) to fair value |
|---|---|---|---|---|---|---|
| | | 31-03-2020 | 31-03-2019 | | | |
| 2) Investments in equity instruments at FVTOCI (unquoted) (see note 7) | Market Approach-Comparable companies-In this approach, the value of shares / business of a company is determined based on market multiples of publicly traded comparable companies. The appropriate multiple is generally based on performance of listed companies with similar business model and size (Refer note 1 below). | Investment in companies engaged in business of storage facilities - aggregate fair value of ₹ 23,263.21 | Investment in companies engaged in business of storage facilities - aggregate fair value of ₹ 23,177.37 | Level 3 | Market Multiple Discount ranging from 15% to 25% (As at 31.3.19 from 15% to 25%) | Increasing/Decreasing the Market Multiples by probability weighted range, would change the FV by + ₹ 3,838.37 lakhs & - ₹ 1,054.63 lakhs ( As at 31.3.19 +₹ 2,599.79 lakhs & - ₹ 2,440.37 lakhs) |
| | | Investment in companies engaged in business of fertilizers industry - aggregate fair value of ₹ 12,115.35 | Investment in companies engaged in business of fertilizers industry - aggregate fair value of ₹ 6,242.18 | | Discount to EV/EBITDA Multiple ranging from -0.50% to 0.50% (As at 31.3.19 from -0.5% to 0.5%) | Increasing/Decreasing the Discounting Factor by probability weighted range, would change the FV by +₹ 566.55 lakhs & - ₹ 566.55 lakhs ( As at 31.3.19 + ₹ 827.89 lakhs & - ₹ 1,138.16 lakhs) |
| | Income Approach- In this approach, discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee. | Investment in company engaged in fertilizer industry - aggregate fair value of NIL | Investment in company engaged in fertilizer industry - aggregate fair value of ₹ NIL | Level 3 | Growth Rate ranging NIL (As at 31.3.19 NIL)<br>Discounting Factor ranging NIL (As at 31.3.19 NIL) | Increasing/Decreasing the Growth Rate & Discounting Factor by probability weighted range, would change the FV by NIL. (As at 31.3.19 NIL) |
| | (Refer note below). | Investment in company engaged in the business of gas marketing - aggregate fair value of ₹ 2,023.35 | Investment in company engaged in the business of gas marketing - aggregate fair value of ₹ 1,882.35 | Level 3 | 10% +/- over base value. | 10% increase/Decrease over base value, would change FV by + ₹ 338.40 lakhs & - ₹ 336.05 lakhs. (No sensitivity analysis has been carried out as at 31.03.2019 on account of non-availability of data.) |
| | Note : Discounted Free Cash flow method has been used to arrive at the enterprise value of the gas marketing business of the investee. Under this technique, the projected free cash flows from gas marketing business of the company are discounted at the weighted average cost of capital to the providers of capital to the business of the company and the sum of the present value of such free cash flows would represent the value of business. The investee has various investments in subsidaries and joint venture companies. Each of these subsidiary and joint venture companies have been separately valued using market price method, DCF method, CCM method and book value (NAV) method and applied the investee's stake percentage to arrive at the fair value of investee's investment in these subsidiaries / joint venture companies. Under the market price method, the valuation is derived from the quoted market price of the share of the company as at the valuation date. Under the NAV method, the valuation is derived by calculating the net assets value of the investee as at the valuation date. | | | | | |
| | Cost Approach- Net Asset Value - In this approach, total value is based on the sum of net asset value as recorded on the balance sheet. A net asset methodology is most applicable for businesses where the value lies in the underlying assets and not the ongoing operations of the business. (Refer note 1 and 2 below). | Investment in companies engaged in power and finance industry - aggregate fair value of ₹ 122.11 | Investment in companies engaged in power and finance industry - aggregate fair value of ₹ 108.30 | Level 3 | Discount to Book Value ranging from 15% to 30% (As at 31.3.19 from 15% to 30%) | Increasing/Decreasing the Discounting Factor by probability weighted range, would change the FV by +₹ 14.21 lakhs & - ₹ 13.44 lakhs (As at 31.3.19 +₹ 12.60 lakhs & - ₹ 11.93 lakhs) |

Note 1 : The Company has invested in the equity instruments of various companies. However, the percentage of shareholding of the Company in such investee companies is very low and hence, it has not been provided with future projections including projected profit and loss account by those investee companies. Hence, the independent valuer appointed by the Company has estimated fair value based on available historical Annual Reports of such companies and other information as available in the public domain. Since the future projections are not available, discounted cashflow approach for fair value determination has not been followed.

Note 2 : In case of some companies, there are no comparable companies valuations available and some are recent start up companies. In light of no information available for future projections, capacity utilisation, commencement of operations, etc., the valuation is based on cost approach.

**ii) Transfers between Levels 1 and 2**

There have been no transfers between Level 1 and Level 2 during 2019-20 and 2018-19.

**iii) Level 3 fair values**

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

(₹ in lakhs)

| Paticulars | Equity securities |
|---|---|
| Opening Balance (1 April 2019) | 31,410.19 |
| Net change in fair value (unrealised) | 6,113.83 |
| Purchases | - |
| Closing Balance (31 March 2020) | **37,524.02** |

**Transfer out of Level 3**

There were no movement in level 3 in either directions during the year 2019-20 and 2018-19.

## C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

### i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company manages market risk through a Financial risk management committee, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Audit cum finance committee and Board of Directors. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit cum finance committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

### ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of following financial assets represents the maximum credit exposure:

### Trade and other receivables

The Company's exposure to credit is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Revenue department has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the Board of Directors.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Company may have a secured claim. The Company does not otherwise require collateral in respect of trade and other receivables.

The company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The provision matrix of ECL at the end of reporting period is as follows.

| Particulars | Expected credit loss % |
|---|---|
| Within the credit Period | 0.04% |
| 1-90 days past due | 0.38% |
| 91-180 days past due | 1.52% |
| 181-270 days past due | 5.49% |
| 270-360 days past due | 13.02% |
| 360-450 days past due | 25.77% |
| 450-540 days past due | 44.23% |
| 540-630 days past due | 61.84% |
| 630-720 days past due | 100.00% |
| More than 720 days past due | 100.00% |

### Impairment

The ageing of trade and other receivables that were not impaired was as follows.

(₹ in lakhs)

| Particulars | Carrying amount | |
|---|---|---|
| | March 31, 2020 | March 31, 2019 |
| Neither past due nor impaired | 79,143.72 | 85,482.38 |
| Past due 1–30 days | 11,633.16 | 5,917.81 |
| Past due 31–90 days | 36,361.45 | 46,759.92 |
| Past due 91 days and above | 1,36,958.03 | 1,08,793.27 |
| | 2,64,096.36 | 2,46,953.37 |

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

**Movement in expected credit loss allowance** **(₹ in lakhs)**

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Balance at the beginning of the year | 7908.78 | 7,992.40 |
| Movement in the expected credit loss allowanceon trade receivables calculated at lifetime expected credit losses Past due 31–90 days | (37.18) | (83.62) |
| | 7,871.60 | 7,908.78 |

During the years 2019-20 and 2018-19, impairment provision was reduced by ₹ 37.18 Lakhs and ₹ 83.62 Lakhs respectively.

**Cash and cash equivalents**

The Company held cash and cash equivalents of ₹ 3404.47 at March 31, 2020 (₹ 4082.20 at March 31, 2019). The cash and cash equivalents are held with approved scheduled banks.

**Derivatives**

The derivatives deals are done with AD category banks in OTC market and registered brokers in ETCD market.

### iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

**Financing facilities:** **(₹ in lakhs)**

| Particulars | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| a) Secured cash credit, reviewed annually | | |
| - amount used | 4,149.44 | 16,365.96 |
| - amount unused | 42,419.05 | 30,202.53 |
| b) Secured term loan | | |
| - amount used | 14,666.66 | 20,000.00 |
| - amount unused | - | 30,000.00 |
| c) Unsecured bill acceptance facility | | |
| - amount used | 31,905.40 | - |
| - amount unused | - | - |
| d) Unsecured commercial papers | | |
| - amount used | 30,000.00 | - |
| - amount unused | 70,000.00 | 1,00,000.00 |
| e) Unsecured working capital demand loan | | |
| - amount used | 14,686.61 | - |
| - amount unused | 40,313.39 | 35,000.00 |
| f) Unsecured Inter-Corporate Loan Facility | | |
| - amount used | 54,000.00 | 70,500.00 |
| - amount unused | 46,000.00 | 29,500.00 |
| g) Unsecured bank overdraft facility/WCDL Facility | | |
| - amount used | 6,500.00 | 2.83 |
| - amount unused | 8,000.00 | 14,497.17 |

### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(₹ in lakhs)

| March 31, 2020 | Contractual cash flows | | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Total | 0-12 months | 1-2 years | 2-5 years | More than 5 years |
| INR | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Term loans from banks | 14,666.66 | 14,666.66 | 5,333.33 | 5,333.33 | 4,000.00 | - |
| Working capital loans from banks | 1,41,241.45 | 1,41,241.45 | 1,41,241.45 | - | - | - |
| Trade payables | 43,567.46 | 43,567.46 | 43,567.46 | - | - | - |
| Other current financial liabilities | 24,421.43 | 24,421.43 | 24,421.43 | - | - | - |
| Derivative financial liabilities | | | | | | |
| Derivative contracts used for hedging | - | - | - | - | - | - |
| Outflow | 28.28 | 28.28 | 28.28 | - | - | - |

| March 31, 2019 | Contractual cash flows | | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Total | 0-12 months | 1-2 years | 2-5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | | |
| Term loans from banks | 20,000.00 | 20,000.00 | 5,333.33 | 5,333.33 | 9,333.34 | - |
| Working capital loans from banks | 86,868.79 | 86,868.79 | 86,868.79 | - | - | - |
| Trade payables | 1,03,866.16 | 1,03,866.16 | 1,03,866.16 | - | - | - |
| Other current financial liabilities | 38,268.43 | 38,268.43 | 38,268.43 | - | - | - |
| Derivative financial liabilities | | | | | | |
| Derivative contracts | - | - | - | - | - | - |
| Outflow | - | - | - | - | - | - |

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

### iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments.Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of company's investments. Thus, company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to control the financial risks associated with the Foreign Exchange/Currency rate movements through a sophisticated Foreign Exchange Risk Management System.

### Currency risk

The Company is exposed to currency risk on account of its import payables and borrowings in foreign currency. The functional currency of the Company is Indian Rupee. The Company uses forward exchange contracts, Options and futures to hedge its currency risk, most with a maturity of less than one year from the reporting date.

The company is using derivative instruments which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

### Exposure to currency risk

The currency profile of financial assets and financial liabilities as at March 31, 2020 and March 31, 2019 are as below:

(₹ in lakhs)

| Particulars | March 31, 2020 INR | March 31, 2020 USD[1] | March 31, 2020 CAD[1] | March 31, 2020 Others[1] |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalents | 3,404.47 | - | - | - |
| Other bank balances | 1,361.43 | - | - | - |
| Non-current investments | 2,06,510.30 | - | 2,230.89 | - |
| Current loans and advances | 19,229.80 | - | - | - |
| Trade and other receivables | 2,60,234.50 | 3,841.98 | - | 19.88 |
| Derivative assets | - | - | - | - |
| Other Non-Current financial assets | 3,007.28 | - | - | - |
| Other Current financial assets | 964.21 | - | - | - |
| | **4,94,711.99** | **3,841.98** | **2,230.89** | **19.88** |
| **Financial liabilities** | | | | |
| Long term borrowings | 9,333.33 | - | - | - |
| Short term borrowings | 1,09,336.05 | 31,905.40 | - | - |
| Trade and other payables | 38,861.98 | 4,621.92 | - | 83.56 |
| Derivative liabilities | | 28.28 | - | - |
| Other Current financial liabilities | 28,989.39 | 5.43 | - | 759.94 |
| | **1,86,520.75** | **36,561.03** | **-** | **843.50** |

(₹ in lakhs)

| Particulars | March 31, 2019 INR | March 31, 2019 USD[1] | March 31, 2019 CAD[1] | March 31, 2019 Others[1] |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalents | 4,082.20 | - | - | - |
| Other bank balances | 2,754.25 | - | - | - |
| Non-current investments | 2,32,183.69 | 1,729.40 | 3,725.89 | - |
| Current loans and advances | 17,463.64 | - | - | - |
| Trade and other receivables | 2,46,474.80 | 478.57 | - | - |
| Derivative assets | - | 9.40 | - | - |
| Other non current financial assets | 4,419.15 | - | - | - |
| Other Current financial assets | 470.32 | - | - | - |
| | **5,07,848.05** | **2,217.37** | **3,725.89** | **-** |
| **Financial liabilities** | | | | |
| Long term borrowings | 14,666.67 | - | - | - |
| Short term borrowings | 86,868.79 | - | - | - |
| Trade and other payables | 55,430.93 | 48,307.68 | 15.24 | 112.32 |
| Other Current financial liabilities | 43,601.76 | - | - | - |
| | **2,00,568.15** | **48,307.68** | **15.24** | **112.32** |

1 - The figures are in INR Equivalent of respective currency

## Notes to the Consolidated Financial Statements

The following significant exchange rates have been applied during the year.

| INR | Year-end spot rate | |
|---|---|---|
| | March 31, 2020 | March 31, 2019 |
| USD | 75.39 | 69.17 |
| CAD | 53.49 | 51.83 |

### Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars at March 31 would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(₹ in lakhs)

| | 31-Mar-20 | | 31-Mar-19 | |
|---|---|---|---|---|
| Effect in INR | Strengthening | Weakening | Strengthening | Weakening |
| 10% movement | | | | |
| USD | (1,424.11) | (1,132.77) | 2,324.26 | (645.36) |
| CAD | 223.09 | (223.09) | 372.59 | (372.59) |

### Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

### Exposure to interest rate risk

Company's interest rate risk arises from borrowings. Company has long term borrowings at variable rate of interest.The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

(₹ in lakhs)

| Particulars | Nominal amount in INR | |
|---|---|---|
| | March 31, 2020 | March 31, 2019 |
| Variable-rate instruments | | |
| Financial assets | - | - |
| Financial liabilities | 14,666.67 | 20,000.00 |
| Total | 14,666.67 | 20,000.00 |

### Sensitivity analysis

A reasonably possible strengthening (weakening) of the Interest Rate would have affected the finance cost, equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

| | 31-Mar-20 | | 31-Mar-19 | |
|---|---|---|---|---|
| Effect of interest rate | Strengthening | Weakening | Strengthening | Weakening |
| 1% movement | | | | |
| Interest cost | 146.67 | (146.67) | 200.00 | (200.00) |

### Capital Management

The Company manages its capital to ensure that it will be able to continue as a Going Concern while maximising the return to stakeholders through optimisation of the Debt and Equity Balance.

Further, the Company is also subject to externally imposed capital requirement as part of its debt covenant for Term Loan for Melamine III plant, viz maintaining minimum Net Fixed Assets Coverage Ratio (of Melamine III Plant Assets) of 1.25 times throughout the currency of the loan.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital by computing the above ratios on an annual basis and ensuring that the same is in Compliance with the requirements of the Financial Covenants.

(₹ in lakhs)

| Particulars | INR | |
|---|---|---|
| | March, 2020 | March, 2019 |
| Net Fixed Assets (Melamine-III) | 77,295.70 | 80,546.62 |
| Total Debt (Melamine-III) | 14,666.67 | 20,000.00 |
| Net Fixed Asset Coverage Ratio | 5.27 | 4.03 |

## 42. Research & Development Expenses

(₹ in lakhs)

| Particulars | Year end 31st March, 2020 | Year end 31st March, 2019 |
|---|---|---|
| Capital* | 28.66 | 20.83 |
| Recurring** | 1,014.81 | 906.34 |
| **Total** | **1,043.47** | **927.17** |
| *Capital Expenses included in PPE Note No. 5 | 28.66 | 20.83 |
| **Recurring Expenses included in | | |
| Note No. 33 Employee Benefit expenses | 1,001.68 | 895.91 |
| Note No. 35 Other expenses | 13.13 | 10.43 |

## 43. Corporate Social Responsibility

(₹ in lakhs)

| Particulars | Year end 31st March, 2020 | Year end 31st March, 2019 |
|---|---|---|
| Prescribed CSR expenditure @ 2% | 990.13 | 931.02 |
| Actual expenditure | 990.00 | 1,101.49 |

## 44. Details on derivative instruments and unhedged foreign currency exposure

(I) (a) Forward exchange contracts and options (being derivative instruments), which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

(i) Outstanding forward exchange contracts entered into by the Company as on 31 March, 2020

| Currency | Amount (in Mn) | Buy / Sell | Cross currency |
|---|---|---|---|
| USD | 0.00 | Buy | Rupees |
| USD | (4) | Buy | Rupees |

Note: Figures in brackets relate to the previous year

(b) Currency Futures (other than forward exchange contracts stated above) which are not intended for trading or speculative purposes but for hedge purposes to hedge against fluctuations in changes in exchange rate.

| Currency | Amount (in Mn) | Buy / Sell | Cross currency |
|---|---|---|---|
| USD | 44.00 | Buy | Rupees |
| USD | (48.00) | Buy | Rupees |

Note: Figures in brackets relate to the previous year

## 45. Leases

(i) The Company has taken various warehouses, godowns, guesthouses and office premises under operating lease or rental agreements. Effective 1st April, 2019, the company has adopted Ind AS 116 and applied to its leases, retrospectively, with the cumulative effect of initially applying the standard on the date of initial application (April 01, 2019). Accordingly, the Company has not restated comparative information and recognized right-of-use assets at an amount equal to the lease liability.Refer Note 5(ii) for details of right-of-use assets and Note 26 for details of Lease Liability. Interest on lease liability ₹ 42.86 Lakhs in FY 2019-20 (Nil in FY 2018-19) has been included in Finance Costs and depreciation on right-of-use assets has been included in Depreciation and amortization expense for the year.

(ii) Rent income includes lease rentals received towards office premises and land leased out for gas station. Such operating lease is generally for a period of three to four years. There are no restrictions imposed by lease arrangements.

## 46. Ind As 115 : Revenue from Contracts with Customers

The Company generates revenue primarily from manufacturing of Fertilizers and Chemical Products. The Company has recognised revenue by satisfying its performance obligations at a point of time basis. The revenue from contracts with customers to the amounts disclosed as total revenue are as under:

| Particulars | Year end 31st March, 2020 | Year end 31st March, 2019 |
|---|---|---|
| Revenue from Contract with Customers | 5,33,811.79 | 5,92,585.34 |
| Revenue from Subsidy from Government | 2,45,986.00 | 2,56,482.00 |
| **Total Revenue** | **7,79,797.79** | **8,49,067.34** |

The disaggregation of Total Revenue is as under:

### (A) Revenue – Segment-wise

| Particulars | Year end 31st March, 2020 | Year end 31st March, 2019 |
|---|---|---|
| Fertilizer Products | 6,23,838.37 | 6,31,429.34 |
| Industrial Products | 1,55,959.42 | 2,17,638.00 |
| **Total Revenue** | **7,79,797.79** | **8,49,067.34** |

### (B) Revenue – Activity-wise

| Particulars | Year end 31st March, 2020 | Year end 31st March, 2019 |
|---|---|---|
| Revenue generated from Manufacturing Activity | 5,90,650.92 | 6,07,243.78 |
| Revenue generated from Trading Activity | 1,89,146.87 | 2,41,823.56 |
| **Total Revenue** | **7,79,797.79** | **8,49,067.34** |

### (C) Contract Liability:

| Particulars | Year end 31st March, 2020 | Year end 31st March, 2019 |
|---|---|---|
| Opening Balance of Contract Liability | 1,551.08 | 1,165.01 |
| Revenue Recognised from the opening balance of contract liability | 1,551.08 | 1,165.01 |
| Current year Contract liability - Carried Forward | 1,737.60 | 1,551.08 |
| Closing Balance of Contract Liability | 1,737.60 | 1,551.08 |

The nature of services and its disclosure of timing of satisfaction of performance obligation is mentioned in para 3.1 of Note No 3.There are no contract assets in the Balance Sheet.Contract Liabilities in the Balance Sheet constitutes advance payments and billings in excess of revenue recognised. The Company expects to recognise such revenue in the next financial year.There were no significant changes in contract liabilities during the reporting period except amount as mentioned in the table and explanation given above.Under the payment terms generally applicable to the Company's revenue generating activities, prepayments are received only to a limited extent. Typically, payment is due upon or after completion of delivery of the goods.

## 47. Disclosure as per regulation 34(3) and 53(f) of Securities and Exchange Board of India (listing obligations and disclosures requirements) regulations, 2015:

Loans & Advances in the nature of loans to subsidiaries is ₹ Nil (PY: ₹ Nil)

## 48. Impact of Covid-19 Pandemic

In assessing the recoverability of receivables and certain investments, the company has considered internal and external information up to the date of approval of these financial statements and economic forecasts. Based on current indicators of future economic conditions, the company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the company will continue to closely monitor any material changes to future economic conditions.

## 49. Other Matters

(i) With respect to Fibre Unit and Methanol plant, the Net Realizable Value is higher compared to its carrying value as on March 31, 2020.

(ii) The previous year's figures have been re-casted, regrouped and rearranged, whenever necessary to confirm to this year's classifications.

(iii) Balances of Sundry Creditors, Sundry Debtors, Loans & advances, etc. are subject to confirmation and reconciliation.

(iv) At present production at Polymer Unit has been stopped from February, 2020 due to economic unviability. Value in use of Polymer Unit is higher compared to its carrying value as on March 31, 2020.

## 50. Interest in other entities

### a) Subsidiaries

The Company's subsidiaries at 31 March 2020 are set out below. They have share capital consisting solely of equity shares that are held directly by the Company, and the proportion of ownership interests held equals the voting rights held by the Company. The country of incorporation or registration is also their principal place of business.

| Name of Entity | Place of business | % of ownership interest | | Principal activities |
|---|---|---|---|---|
| | | 31 March 2020 | 31 March 2019 | |
| GSFC Agrotech Limited (GATL) | India | 100.00% | 100.00% | Trading of Agro inputs |
| Gujarat Arogya Seva Pvt. Ltd. | India | 50.94% | 50.94% | Trading of generic medicines |

### b) Associates

Set out below are the associates of the Company as at 31 March 2020 which, in the opinion of the directors, are material to the Company. The entities listed below have share capital consisting solely of equity shares, which are held directly by the Company. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

## Notes to the Consolidated Financial Statements

**(₹ in Lakhs)**

| Name of Entity | Place of business | % of ownership interest | Relationship | Accounting method | Carrying Amount | | Quoted fair values | |
|---|---|---|---|---|---|---|---|---|
| | | | | | 31.03.2020 | 31.03.2019 | 31.03.2020 | 31.03.2019 |
| Vadodara Enviro Channel Limited (note 1) | India | 28.57% | Associate | Equity Method | 166.80 | 175.15 | * | * |
| Gujarat Green Revolution Company Limited (note 2) | India | 46.87% | Associate | Equity Method | 7,802.60 | 6,878.09 | * | * |
| Karnalyte Resources Inc (note 3) | Canada | 38.73% | Associate | Equity Method | 2,230.88 | 3,725.88 | 1,224.93 | 1,778.62 |
| | | | | **Total** | **10,200.27** | **10,779.12** | **1,224.93** | **1,778.62** |

* Unlisted entity - no quoted price available

1 Vadodara Enviro Channel Limited was formed to administer the safe disposal of treated wastewater through Effluent Channel Project.

2 Gujarat Green Revolution Company Limited (GGRCL) is appointed as a nodal agency by Government of Gujarat, for passing on the subsidy received from the State and the Central Government for installation of Micro Irrigation System (MIS) to farmers in the State of Gujarat.

3 Karnalyte Resources Inc is engaged in development of its property and planned construction of a production facility and development of a potash mine.

### Commitments and contingent liabilities in respect of associates

**(₹ in Lakhs)**

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Contingent liabilities - associates | 6,080.18 | 3,349.41 |

### Summarised financial information for associate

The tables below provide summarised financial information for those associates that are material to the Company. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the Company's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments made at the time of acquisition and modifications for differences in accounting policies.

**(₹ in Lakhs)**

| Particulars | 31 March 2020 | | | 31 March 2019 | | |
|---|---|---|---|---|---|---|
| | KRI | VECL | GGRCL | KRI | VECL | GGRCL |
| Total current assets | 4096.07 | 3,060.75 | 55,814.47 | 5220.36 | 2,785.88 | 56,330.02 |
| Total non-current assets | 3104.06 | 3,248.32 | 1,261.07 | 2994.40 | 3,148.77 | 1,759.16 |
| Total current liabilities | 507.79 | 726.93 | 40,375.20 | 314.22 | 465.60 | 43,343.81 |
| Total non-current liabilities | 882.21 | 1,092.29 | 51.12 | 921.39 | 951.51 | 38.77 |
| Adjustment-Member' Capital Contribution & Capital Reserve | - | 3,904.57 | - | - | 3,904.57 | - |
| **Net Assets** | **5,810.13** | **585.28** | **16,649.22** | **6,979.14** | **612.97** | **14,706.60** |

**Reconciliation to carrying amounts** (₹ in Lakhs)

| Particulars | 31 March 2020 | | | 31 March 2019 | | |
|---|---|---|---|---|---|---|
| | KRI | VECL | GGRCL | KRI | VECL | GGRCL |
| **Net assets** | 5,810.13 | 585.28 | 16,649.22 | 6,979.14 | 612.97 | 14,706.60 |
| Company's Share in % | 38.73% | 28.57% | 46.87% | 38.73% | 28.57% | 46.87% |
| Company's Share in INR | 2,250.30 | 166.80 | 7,803.72 | 2,703.06 | 175.15 | 6,893.19 |
| Goodwill/Capital Reserve | - | - | - | 1,018.66 | - | - |
| **Adjustment** | (19.42) | - | (1.12) | 4.16 | - | (15.10) |
| **Carrying amount** | **2,230.88** | **166.80** | **7,802.60** | **3,725.88** | **175.15** | **6,878.09** |

**Summarised statement of profit and loss for the year ended on 31 March 2020** (₹ in Lakhs)

| Particulars | 31 March 2020 | | | 31 March 2019 | | |
|---|---|---|---|---|---|---|
| | KRI | VECL | GGRCL | KRI | VECL | GGRCL |
| **Revenue** | - | 1,373.21 | 1,215.63 | - | 1,323.71 | 1,315.03 |
| **Profit for the year** | (1,613.63) | (174.58) | 1,964.62 | (3,293.21) | (362.72) | 1,687.52 |
| Other comprehensive income | - | - | (5.90) | - | - | 4.81 |
| **Total comprehensive income** | **(1,613.63)** | **(174.58)** | **1,958.72** | **(3,293.21)** | **(362.72)** | **1,692.33** |
| Dividend received | - | - | 6.25 | - | - | 6.25 |

## 51. ADDITIONAL INFORMATION REQUIRED BY SCHEDULE III

(₹ in Lakhs)

| Name of the entity in the group | Net assets (total assets minus total liabilities) | | Share in profit or (loss) | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount | As % of consolidated net profit/ (loss) | Amount | As % of consolidated OCI | Amount | As % of consolidated TCI | Amount |
| Parent | | | | | | | | |
| Gujarat State Fertilisers and Chemicals Limited | | | | | | | | |
| 31 March 2020 | 97.85% | 6,71,377.85 | 89.14% | 9,769.24 | 100.00% | (46,300.82) | 103.36% | (36,531.58) |
| 31 March 2019 | 98.22% | 7,19,069.09 | 98.68% | 48,664.00 | 100.00% | (38,210.56) | 94.13% | 10,453.45 |
| Subsidiaries | | | | | | | | |
| Indian | | | | | | | | |
| GSFC Agrotech Limited | | | | | | | | |
| 31 March 2020 | 0.65% | 4,433.08 | 8.02% | 879.44 | 0.00% | - | -2.49% | 879.44 |
| 31 March 2019 | 0.29% | 2,091.06 | 1.31% | 647.19 | 0.00% | - | 5.83% | 647.19 |
| Gujarat Arogya Seva Pvt. Ltd. | | | | | | | | |
| 31 March 2020 | 0.04% | 262.10 | 0.10% | 11.01 | 0.00% | - | -0.03% | 11.01 |
| 31 March 2019 | 0.03% | 252.28 | 0.00% | (0.20) | 0.00% | - | 0.00% | (0.20) |
| Non Controlling Interest in above subsidiaries | | | | | | | | |
| 31 March 2020 | -0.02% | (128.52) | 0.05% | 5.40 | 0.00% | - | -0.02% | 5.40 |
| 31 March 2019 | -0.02% | (123.71) | 0.00% | 0.10 | 0.00% | - | 0.00% | 0.10 |
| Associates (Investments as per the equity method) | | | | | | | | |
| Indian | | | | | | | | |
| Vadodara Enviro Channel Limited | | | | | | | | |
| 31 March 2020 | 0.02% | 166.80 | -0.08% | (8.35) | 0.00% | - | 0.02% | (8.35) |
| 31 March 2019 | 0.02% | 175.15 | -0.21% | (103.28) | 0.00% | - | -0.93% | (103.28) |
| Gujarat Green Revolution Company Limited | | | | | | | | |
| 31 March 2020 | 1.14% | 7,802.60 | 1.88% | 927.28 | 0.00% | -2.77 | -2.62% | 924.51 |
| 31 March 2019 | 0.94% | 6,878.09 | 1.81% | 855.98 | 0.00% | 2.25 | 7.73% | 858.23 |
| Foreign | | | | | | | | |
| Karnalyte Resources Inc. | | | | | | | | |
| 31 March 2020 | 0.33% | 2,230.88 | -1.27% | (624.97) | 0.00% | - | 1.77% | (624.97) |
| 31 March 2019 | 0.51% | 3,725.88 | -1.58% | (750.50) | 0.00% | - | -6.76% | (750.50) |
| Total | | | | | | | | |
| 31 March 2020 | 100.00% | 6,86,144.79 | 100.00% | 10,959.05 | 100.00% | (46,303.59) | 100.00% | -35,344.54 |
| 31 March 2019 | 100.00% | 7,32,067.83 | 100.00% | 49,313.29 | 100.00% | (38,208.30) | 100.00% | 11,104.99 |

Signatures to Notes 1 to 51 forming the part of the Financial Statements.

In terms of our report attached

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No: 006711N / N500028

**Brijesh Thakkar**
Partner
Membership No: 135556

Vadodara
18th June, 2020

**Arvind Agarwal**
*Chairman and Managing Director*

**V. D. Nanavaty**
*ED (Finance) & CFO*

**V. V. Vachhrajani**
*Company Secretary*

# ANNEXURE “A” TO THE CONSOLIDATED FINANCIAL STATEMENT

## Form AOC-I

**(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)**

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

### Part “A”: Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹)

| | | | **Amount in ₹** |
|---|---|---|---|
| 1 | Serial No. | 1 | 2 |
| 2 | Name of the subsidiary | GSFC Agrotech Limited | Gujarat Arogya Seva Pvt. Ltd. |
| 3 | Reporting period for the subsidiary concerned, if different from the holding company’s reporting period | Not Applicable | Not Applicable |
| 4 | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | Not Applicable | Not Applicable |
| 5 | Share capital (as on 31.03.2020) | 4,80,00,000 | 2,65,00,000 |
| 6 | Reserves & surplus (as on 31.03.2020) | 24,33,08,133 | (2,89,721) |
| 7 | Total assets (as on 31.03.2020) | 1,67,42,83,354 | 2,65,57,301 |
| 8 | Total Liabilities (as on 31.03.2020) | 1,23,09,75,221 | 3,47,022 |
| 9 | Investments (as on 31.03.2020) | 1,35,00,000 | Nil |
| 10 | Turnover (FY 2019-20) | 4,50,29,83,061 | Nil |
| 11 | Profit before taxation (FY 2019-20) | 11,75,53,887 | 14,26,622 |
| 12 | Provision for taxation (FY 2019-20) | 2,96,10,351 | 3,26,411 |
| 13 | Profit after taxation (FY 2019-20) | 8,79,43,536 | 11,00,211 |
| 14 | Proposed Dividend (FY 2019-20) | Nil | Nil |
| 15 | % of shareholding (as on 31.03.2020) | 100% (with nominees ) | 50.94% |

| | **Notes: The following information shall be furnished at the end of the statement:** | |
|---|---|---|
| 1 | Names of subsidiaries which are yet to commence operations | None |
| 2 | Names of subsidiaries which have been liquidated or sold during the year. | None |

In terms of our report attached

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No: 006711N / N500028

**Brijesh Thakkar**
Partner
Membership No: 135556

Vadodara
18th June, 2020

**Arvind Agarwal**
*Chairman and Managing Director*

**V. D. Nanavaty**
*ED (Finance) & CFO*

**V. V. Vachhrajani**
*Company Secretary*

## ANNEXURE "A" TO THE CONSOLIDATED FINANCIAL STATEMENT (Contd.)

### Part "B": Associates and Joint Ventures

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

| | Name of Associates | Gujarat Green Revolution Limited | Vadodara Enviro Channel Limited | Gujarat Data Electronics Limited | Karnalyte Resources Inc. |
|---|---|---|---|---|---|
| 1 | **Latest audited Balance Sheet Date** | 31st March, 2019 | 31st March, 2019 | Not available | 31st December,2019 |
| 2 | **Shares of Associates held by the company on the year end** | | | | |
| | No. | 12,50,000 | 14,302 | 1,15,000 | 1,63,34,558 |
| | Amount of Investment in Associates (₹) | 1,25,00,000 | 20 | 11,50,000 | 2,47,06,38,160 |
| | Extend of Holding % | 46.87% | 28.57% | 23.00% | 38.73% |
| 3 | **Description of how there is significant influence** | Holding more than 20% of the total capital | Holding more than 20% of the total capital | Holding more than 20% of the total capital | Holding more than 20% of the total capital |
| 4 | **Reason why the associate is not consolidated** | Not Applicable | Not Applicable | Financial statements are not available and 100% provision for diminution in value of investment has been accounted in the books of GSFC Ltd. | Not Applicable |
| 5 | **(i) Networth attributable to Shareholding as per latest audited Balance Sheet** | 68,93,19,414 | 2,16,66,538 | Not available | 24,09,99,378 |
| | **(ii) Networth attributable to Shareholding as per unaudited Balance sheet as on 31/03/2020 (₹)** | 78,03,72,635 | 1,67,22,389 | Not available | 22,50,29,656 |
| 6 | **Unaudited Profit / Loss for the FY 2019-20 (Rs.)** | 19,64,62,196 | (1,74,58,278) | Not available | (16,13,63,498) |
| | i. Considered in Consolidation (Rs.) | 19,64,62,196 | (1,74,58,278) | Not available | (16,13,63,498) |
| | ii. Not Considered in Consolidation (Rs.) | - | - | Not available | - |

| | |
|---|---|
| 1. Names of associates or joint ventures which are yet to commence operations. | None |
| 2. Names of associates or joint ventures which have been liquidated or sold during the year. | None |

In terms of our report attached

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No: 006711N / N500028

**Brijesh Thakkar**
Partner
Membership No: 135556

Vadodara
18th June, 2020

**Arvind Agarwal**
*Chairman and Managing Director*

**V. D. Nanavaty**
*ED (Finance) & CFO*

**V. V. Vachhrajani**
*Company Secretary*

## *Innovation First, Now and Forever*


Research and Development were carried out in following areas:

- Polymers
- Fortified fertilizers
- Environment control & waste management
- Value-added product(s)/Derivatives of existing products
- Specialized agri-inputs for improving quality and yield of agricultural output
- Quality and process efficiency improvement and assurance
- Customization of products
- Continual support and expertise provided to all plants and services departments for corrosion & material evaluation
- Failure investigation of components & machinery
- Microbial activity & corrosion monitoring of cooling water

### Development of New Products/Processes:

- NPK Liquid Biofertilizer
- NPK Complex Fertilizers
- Nano Fertilizer of ZnO
- Ammonium Sulphate (G5)
- G4 Micromix from inorganic salts
- Hexa Methoxy Methyl Melamine (HMMM)
- Melamine Cyanurate
- Cast Nylon
- Pharma Grade Ammonium Sulphate
- Potassium Di Hydrogen Phosphate & Di Potassium Hydrogen Phosphate
- Hydroxylamine Hydrochloride (HAC)
- Acetone Oxime

## Society First, Now and Forever

As a responsible corporate, we are always committed towards making a positive difference in society. Some of the major areas that we continuously strive to work on can be enumerated as follows:

- Drinking water facility to nearby villages
- Mainstreaming of Special Children
- Women Empowerment
- Rural Infrastructure
- Support to Local Administration
- Employee Engagement
- Shaping the future of the Nation in the field of education – GSFC University, Schools and Sports Academy

## World-class Education first, Now and Forever

GSFC University was conceived as a CSR activity of GSFC Ltd for creating skill set required for nation-building. It has an edge against other educators, as it has in-house opportunities available for students studying in university because the academic campus itself is located inside the industrial setup. The first batch of 198 students graduated in 2019.

University is now shifting gears to move in the direction of becoming an institute of excellence in Science, Engineering and Management with the support of GSFC Ltd. In addition to existing Science programs of B Sc/M Sc in Chemistry and Biotechnology, it has also introduced Ph D programs to strengthen its research and innovation initiatives. Two new programs in Management namely BBA in Information Technology Management and Accounting & Finance have been introduced this year. Further, B Tech degrees of Computer Science and Engineering with specializations in Artificial Intelligence, Big Data analytics, IoT and Automation and B Tech in Fire & Health, Safety, Environment are becoming popular. University has opted for Choice Based Credit System (CBCS) that allows students to develop specialization based on inclinations.

GSFC University Innovation, Incubation, Technology and Applied Research Centre (GUIITAR) is established as a cross-disciplinary training platform for students to innovate, incubate and work in applied research activities at GSFCU. Students enjoy a great advantage in accessing better industrial internships and ultimately better employment opportunities on qualifying. To strengthen this, University has also forged strong relationships with more than 90 industries located in the vicinity and hence enlarged the

## Expansion First, Now and Forever

### Brief Details of Upcoming Projects:

**01**

**Urea-II revamping:**

The revamping of Urea-II plant is under consideration. It would reduce energy consumption and improve the reliability of the vintage plant.

**02**

**PA & APS refurbishment:**

The refurbishment of PA & APS vintage plants, established in 1967 is also under consideration. It would help to improve productivity, efficiency and reliability.

**03**

**400 MTPD Sulphuric Acid plant at Vadodara Unit:**

Setting up of a 400 MTPD Sulphuric Acid plant at Vadodara Unit is planned to meet the captive requirement and minimise the purchase of Sulphuric Acid from the market.

**04**

**400 MTPD Ammonium Sulphate at Polymer Unit:**

Setting up of a 400 MTPD Ammonium Sulphate plant at the Polymer Unit is being considered to capture the growing market of Ammonium Sulphate.

**05**

**NPK different grades pilot plant at Sikka:**

The pilot plant would provide an opportunity to develop various NPK grades and optimize process parameters for effective scale-up of the production through three trains at Sikka unit.

**06**

**15 MW Solar Power Project at Charanka:**

Setting up of a ground-mounted PV solar cell-based 15 MW solar power plant at Charanka, Gujarat.

**07**

**Nylon- 6 Compounding Lines at Vadodara Unit:**

Setting up of two, 24 MTPD capacity each, Nylon-6 compounding lines is under consideration at Vadodara Unit for production of different grades of Nylon-6.

**08**

**22 MTPD S90 Powder Project at Vadodara Unit**

Sardar Sulphur S90 Water Dispersible Powder is a project of GSFC's Sardar Brand. It is a solid, non-dusty powder formulation with 90% elemental Sulphur.

**09**

**42 MLD Tertiary Treated Waste Water Plant for Conservation of Fresh Water:**

GSFC, jointly with, GACL, GIPCL and VMC, is going to establish a 42 MLD Tertiary Treated Waste Water Plant (TTWWP) as JV/SPV at Chhani, Vadodara to reduce the consumption of freshwater in these industries.

## Digital Footprints First, Now and Forever

As a modern tool of communication with the stakeholders, Company is now active on Social & Digital Media along with mainline media.