

राष्ट्रीय केमिकल्स एण्ड  
फर्टिलाइजर्स लिमिटेड

(भारत सरकार का उपक्रम)

साथ बढ़ें समृद्धि की ओर



Rashtriya Chemicals and  
Fertilizers Limited

(A Government of India Undertaking)

Let us grow together

जय भगवान शर्मा  
कंपनी सचिव

JAI BHAGWAN SHARMA  
COMPANY SECRETARY

"Priyadarshini",  
ईस्टर्न एक्सप्रेस हाइवे,  
सायन, मुंबई - 400 022.

"Priyadarshini",  
Eastern Express Highway,  
Sion, Mumbai - 400 022.

दूरभाष /Tel. (Off.): (022) 24045024 फैक्स / Fax : (022) 24045022 • ई-मेल /E-mail : jbsharma@rcfltd.com वेबसाइट /Web : www.rcfltd.com

CIN: L24110MH1978GOI020185

RCF/CS/Stock Exchanges /2020

December 5, 2020

The Corporate Relations Department <b>BSE Limited</b> Department of Corporate Services Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	The Listing Department <b>National Stock Exchange of India Limited</b> Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra Kurla Complex, Bandra(Fast), Mumbai- 400 051
<b>Script Code: 524230 / 959872</b>	<b>Script Code: RCF EQ</b> <b>ISIN: INE027A07012</b>

Dear Sir/Madam,

**Sub: Annual Report for the financial year 2019-20 including notice of Annual General Meeting**

Pursuant to Regulation 30 and 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached Annual Report of the Company for the financial year 2019-20 along with the Notice convening Forty Second Annual General Meeting, which is being sent through email to the Members whose email ids are registered with the Company/Registrar and Transfer Agent/Depository Participant, in compliance with Ministry of Corporate Affairs Circular no 20/2020 dated 5 May, 2020 read with Circular no. 14/2020 dated 8 April, 2020 and Circular no 17/2020 dated 13 April, 2020 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020.

The Forty Second Annual General Meeting of the Company is scheduled to be held on Wednesday, December 30, 2020, at 03.00 p.m. (IST), through Video Conferencing or Other Audio Visual Means.

The Annual Report of the Company for the Financial Year 2019-20 including, inter alia, the Notice of the Forty Second AGM is also available on the website of the Company, viz [www.rcfltd.com](http://www.rcfltd.com).

This is for your kind information and record.

Yours faithfully,  
For Rashtriya Chemicals and Fertilizers Limited

  
(J. B. Sharma)  
Company Secretary

Encl.: a/a



साथ बढ़ें समृद्धि की ओर

2<sup>nd</sup>

Annual Report  
2019-20

**Rashtriya Chemicals and Fertilizers Limited**

( A Government of India Undertaking )

# ANNUAL SEMINAR 2019

## PROACH TO FERTILIZER SECTOR

MBER 2019 | HOTEL ANANDAZ, ASSOCIATION OF NEW DELHI



*Trombay Unit received FAI Award for Best Production Performance in Complex Fertilizers for the year 2018-19*

# ANNUAL SEMINAR 2019

## PROACH TO FERTILIZER SECTOR

MBER 2019 | HOTEL ANANDAZ, ASSOCIATION OF NEW DELHI



*Thal Unit jointly conferred FAI Award for Excellence in Safety for the year 2018-19*

## BOARD OF DIRECTORS

### WHOLE - TIME DIRECTORS



**Shri S. C. Mudgerikar**  
*Chairman & Managing Director*  
(From 01.10.2019)



**Shri Umesh V. Dhattrak**  
*Chairman & Managing Director*  
(Upto 30.09.2019)



**Shri Sudhir D. Panadare**  
*Director (Technical)*



**Shri Umesh Dongre**  
*Director (Finance)*



**Shri K. U. Thankachen**  
*Director (Marketing)*

### GOVERNMENT NOMINEE DIRECTORS



**Ms Alka Tiwari, IAS**  
*Addl. Secretary, Dept. of Fertilizers,*  
*New Delhi*



**Ms Aparna S Sharma, CSS**  
*Joint Secretary, Dept. of Fertilizers,*  
*New Delhi (From 01.09.2020)*



**Ms Gurveen Sidhu, IA & AS**  
*Joint Secretary, Dept. of Fertilizers,*  
*New Delhi (Upto 31.08.2020)*

### INDEPENDENT DIRECTORS



**Prof. Anil Kumar Singh**



**Dr. Shambhu Kumar**



**Smt. Shashi Bala Bharti**  
(From 25.06.2020)



**Shri Suryanarayana Simhadri**  
(Upto 07.03.2020)

### COMPANY SECRETARY



**Shri J. B. Sharma**



## Chairman's Message

### *Dear Shareholders,*

At the outset, I hope you and your family members are safe during these difficult times of COVID-19 pandemic. As India faces one of its biggest challenges caused by the COVID-19 related disruptions, the importance of agriculture has been brought to the fore more than ever. The sector has remained relatively insular from the demand point of view with increased Kharif crop sowing, timely harvesting and swift technology adoption across the supply chain. Indian agriculture witnessed an impressive year 2019-20 and as per the preliminary estimates recorded highest ever food grain and horticulture production during the year. As per the provisional estimates released by the National Statistical Office, the agriculture sector is expected to be amongst the fastest growing segments during the year and holds immense potential towards driving domestic economic growth, ensuring food security, generating significant employment and export opportunities.

I would like to commend the Government's proactive approach in dealing with the pandemic situation. These are unprecedented times for the world at large - unlike the earlier crisis that have been predominantly financial in nature, the present COVID-19 induced uncertainty has its economic, social, and political consequences. Globally, nations have been collaborating on healthcare aspects, and I am hopeful that the current situation will throw up newer opportunities. Since the lockdown, your Company has been following a rigorous approach through periodic scenario planning activities, while maintaining utmost focus on the safety and well-being of its workforce and our manufacturing facilities.

COVID-19 has thrown open a new "normal" as the growing health consciousness among the consumers is changing dietary patterns, with a focus on sustainable ways of farming and improved nutrition. With India being the second-largest agricultural producer in the world, these structural shifts present significant growth opportunities in domestic and export markets.

### **Overview of the Economy**

As per National Statistical Office (NSO), India's Gross Domestic Product (GDP) grew at 4.2% in 2019-20, lower than the 6.1% registered in 2018-19, partly on account of global economic slowdown. The COVID-19 pandemic and nationwide

lockdown has adversely impacted economic activity in the last month of the fiscal year, especially manufacturing, services and construction industry.

### **Overview of the Fertilizer Industry**

Overall fertilizers production in India has increased by 2.7% during financial year 2019-20 after registering muted growth in the last three fiscal years. Improvement in demand due to a good southwest monsoon resulted in higher sowing and increase in production. Imports have increased sharply by 16.6% supported by the increase in urea imports which constitutes around 40% of the total fertilizer imports. Overall Fertilizers Sales too have increased by 22% buoyed by a good monsoon and harvest season.

Production of urea in India increased marginally by 1.3%, on account of efficiencies of scale achieved by urea manufacturers even with the temporary shutdown of certain manufacturing units during the year. Imports have risen by 22.5% to counter the shortfall in domestic production. Urea sale during the year has been positive and has increased by 16.7%. Softening of raw material prices and a low base has aided in increasing domestic DAP production by 16.7%. Increase in production has led to a decline in imports by 26.2%. DAP sale during the fiscal year has increased by 9.5%.

MOP imports have fallen by 13% and sale has decreased marginally by 1.3%. The production of SSP which is an indigenous phosphatic multi-nutrient fertilizer increased by 4.4%. The production of NPK has fallen by 3.76% and imports have increased by 36.63% to counter the shortfall in domestic production. Sale had increased by 10%.

As per the New Domestic Gas Policy, the Government revises the domestic natural gas price every six months i.e. April-September and October-March. During FY20 the price of domestic natural gas was USD 3.69/mmBtu during H1-FY20 and USD 3.23/mmBtu during H2-FY20. Currently (H1-FY21) the price for gas produced from local fields has been revised to USD 2.39/mmBtu which is the lowest price ever set as per the New Domestic Gas Policy.

### **Corporate Overview of the Company**

During the year, your Company achieved Revenue from operations of ₹ 9697.95 crore as against ₹ 8885.47 crore in

previous year (PY). Despite considering revision in fixed cost as per modified NPS-III w.e.f. 2nd April, 2014 during the year under subsidy income and higher sales & margins of Complex Fertilizers and traded products, Profit before Tax (PBT) during the year, stood at ₹ 202.93 crore as against ₹ 235.25 Crore due to provision towards exceptional items of ₹ 100.17 crore on account of downward revaluation of transferrable development rights and increase in finance cost. Profit after Tax (PAT) stood at ₹ 208.15 crore as against ₹139.17 Crore as your Company exercised its option to pay Income-Tax at lower rate as per Finance Act Amendment Bill 2019 – Income Tax Section 115BBA.

Your Company achieved sales volume of 33.01 lakh MT during 2019-20 as compared to 30.49 lakh MT during the previous year. The total sale of manufactured fertilizers during 2019-20 was 29.65 lakh MT as against 29.15 lakh MT during the previous year. Sales of manufactured fertilizers registered moderate increase of 1.72% over previous year. During the year, your Company has achieved highest ever sale of 6.08 lakh MT of Suphala 15:15:15 and 0.403 lakh of City Compost. Your company increased the sale of traded fertilizers from 1.33 lakh MT during FY 2018-19 to 3.34 lakh MT during FY 2019-20.

Your Company produced 29.19 lakh MT of fertilizers (23.48 lakh MT of Urea & 5.71 lakh MT of Suphala 15:15:15) during the year as against 29.36 lakh MT of fertilizers (23.75 lakh MT of Urea & 5.61 lakh MT of Suphala 15:15:15) produced during the previous year.

### **New Products Launched During The Year**

Our strong R&D team has been analysing soil, weather, and crop data through various new-age technologies, in order to empower the farmers with predictive farming skills. I am pleased to announce that, as the result of sustained efforts in Research & Development, your Company has launched 2 new products during the year - Organic Growth Stimulant and Soluble Silicon Fertilizer. Organic Growth Stimulant, launched on November 21, 2019, is an organic product which promotes integrated nutrient management system, enhances yield and enhances the effectiveness of conventional mineral fertilizers. R&D also successfully launched on January 23, 2020, Soluble Silicon Fertilizer, a mixture of Silicon and Potassium which enhances plant resistance and tolerance to various biotic and abiotic stresses.

### **Projects**

I am happy to announce that your Company is planning to undertake major projects in the direction of:

- self-reliance on scarce resources like water;
- improving efficiency in use of energy in production operations;
- participation in the revival of closed fertilizer units; and
- making efforts for increasing availability of raw materials / finished fertilizers on consistent basis through joint ventures in India and abroad.

The details of such projects are available in the Directors' Report. Your Company is also looking for opportunities for long

term off-take agreements for procurement of fertilizers to ensure sustained growth. I am confident that with your continuous support, encouragement and faith in us and support from the Government, your Company would march ahead successfully.

I am delighted to present the Annual Report for the year 2019-20 and hope to see you on December 30, 2020 at the 42<sup>nd</sup> Annual General Meeting of the Company.

### **Going forward**

The underlying macros for the Indian fertilizer industry look promising despite the coronavirus pandemic and macroeconomic uncertainty. With surplus water reservoir levels, forecasts for a good kharif crop and plentiful rainfall forecast during current monsoon season, demand for the procurement of fertilizers seems promising. Sales have increased sharply by 45.1% during the first two months of financial year 2020-21 and going forward with the recent proposals under the 'Aatmanirbhar Bharat' package which is expected to boost the domestic manufacturing sector, the outlook for the rest of financial year 2020-21 seems sanguine for the industry.

The Direct Benefit Transfer (DBT) in fertilisers has stabilised, however, the delays in getting the subsidy amount remains to be a matter of concern for the industry. Higher MSP procurement, timely PM-KISAN disbursement, high offtake of seeds and the prioritization of agriculture and businesses involved in the food chain by the Government will support the demand/sale of fertilizers in the coming days. The overall fertilizer production is expected to grow by 3-4% by the end of financial year 2020-21. We expect production to increase in the coming months on the back of strong demand and softening of raw material prices.

On the environmental side, RCF has continued to expand the green belt coverage at the plant locations and its commitment towards society remains firm. Going forward, your Company will continue to strengthen its customer engagement initiatives and leverage technology for developing sustainable, cost-effective solutions for the farmers.

### **Acknowledgement**

Before I conclude, I would like to place on record my appreciation to all my colleagues on the Board, past and present, for their valuable contribution in the growth of the Company. Our employees are the backbone of our operations and it is only because of their support and commitment that your company could achieve good results. I am thankful to all the stakeholders of RCF, our valued customers and service providers for their relentless faith in the company. Finally, on behalf of the Board, I would like to thank each one of you, our valued shareholders and the RCFian family, for your unwavering support in our journey to deliver value to all our stakeholders.

Thank you, ladies and gentlemen.

**S. C. Mudgerikar**  
Chairman & Managing Director

Mumbai

Dated : August 11, 2020



*RCF launches new product  
"Organic Growth Stimulant"*



*RCF launches new product  
"Soluble Silicon Fertilizer"*

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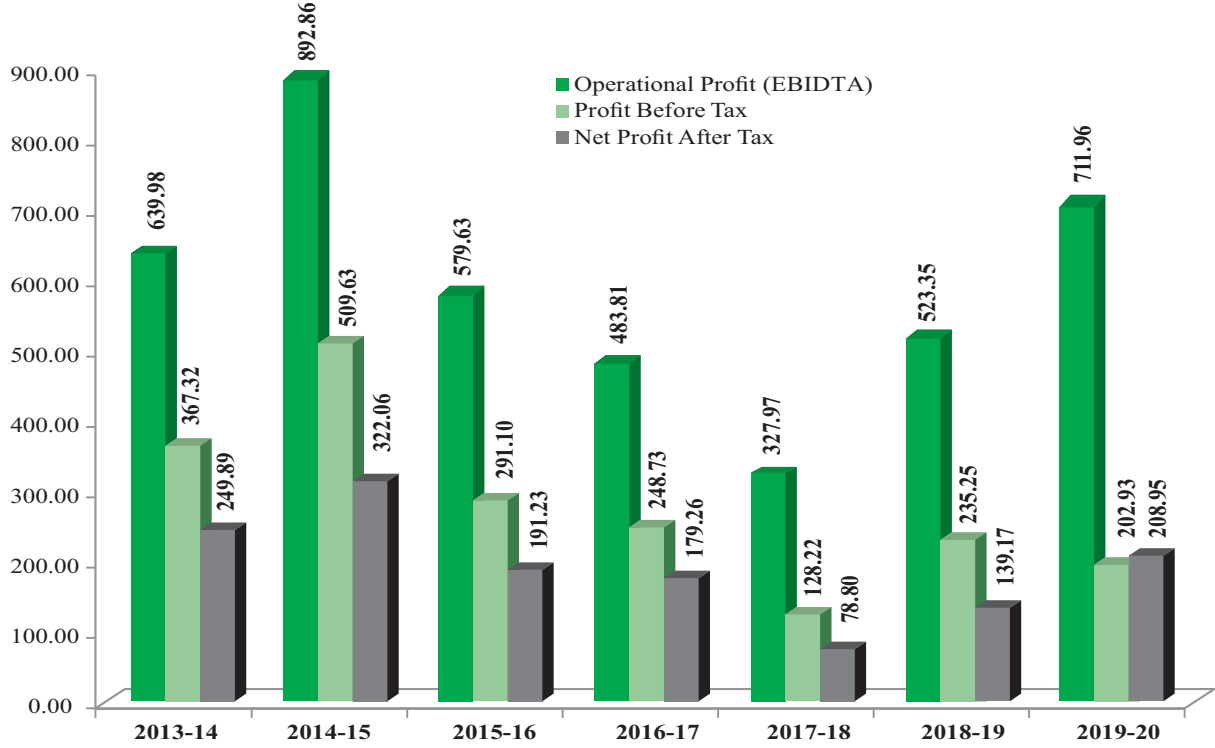


## FINANCIAL HIGHLIGHTS AT A GLANCE

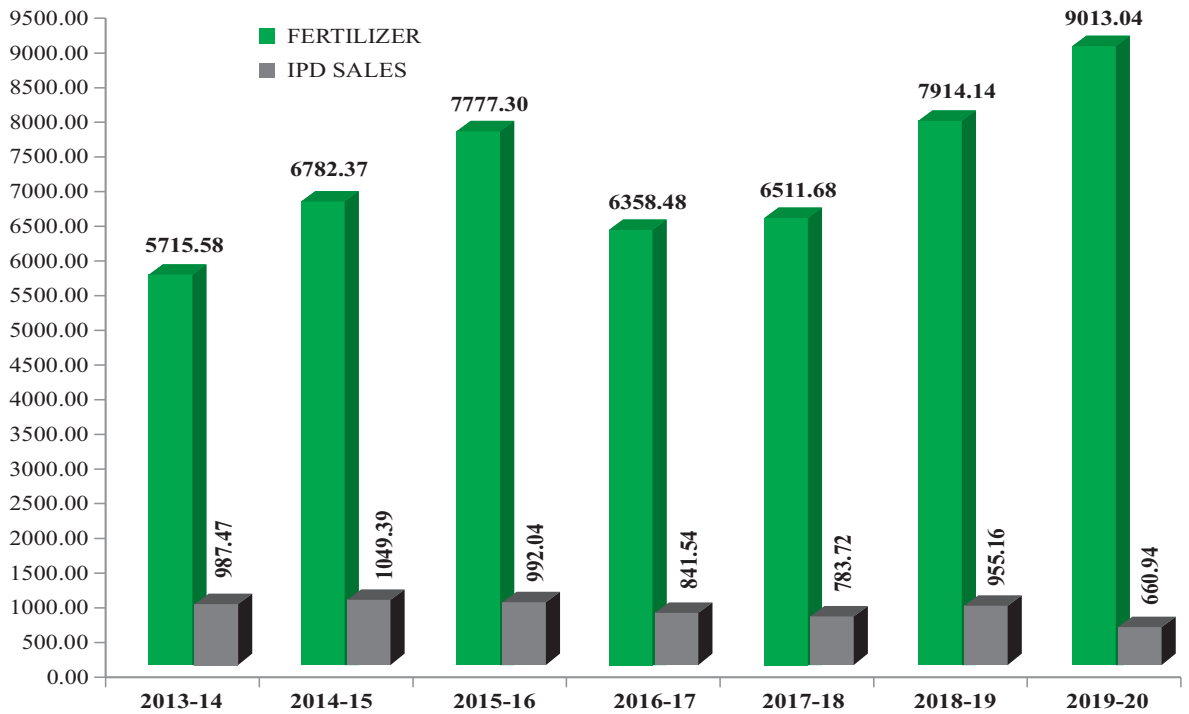
Sl No	PARTICULARS	As per revised Schedule VI										2005-06				
		2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11		2009-10	2008-09	2007-08	2006-07
		As per IND AS														
1	Gross Turnover (Gross Sales+ Subsidy + Other Income )	10017.39	9119.54	7523.42	7456.21	9019.82	8063.22	6889.28	7131.65	6698.94	5671.60	5826.25	8538.43	5325.06	3644.60	3187.80
2	Revenue From Operations (Net)	9697.95	8885.47	7318.63	7223.17	8649.43	7713.45	6587.60	6894.49	6433.71	5507.11	5642.11	8365.98	5140.27	3487.99	3046.83
3	Profit before Interest, Depreciation and Tax (EBIDTA)	711.96	523.35	327.97	483.81	579.63	892.86	639.98	641.88	567.82	533.19	490.38	523.01	391.24	365.72	300.59
4	Depreciation	171.04	155.69	137.04	141.10	145.13	258.12	141.75	173.15	142.44	112.62	75.60	86.58	86.96	75.42	68.53
5	Finance Cost	237.82	155.85	62.59	93.98	142.32	116.95	131.29	88.25	49.33	66.10	70.55	110.72	66.25	48.77	17.00
6	Prior year Adj. - Expenses / (Income)	0.00	0.00	0.00	0.00	1.08	8.16	(0.38)	0.36	1.59	(0.22)	0.02	0.01	(4.04)	0.07	(0.61)
7	Exceptional Items	100.17	(23.44)	0.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8	Profit / ( Loss ) Before Tax	202.93	235.25	128.22	248.73	291.10	509.63	367.32	380.12	374.46	354.69	344.21	325.70	242.07	241.46	215.67
9	Tax Provision ( Net of Adj.)	(5.22)	96.08	49.42	69.47	99.87	187.57	117.43	99.22	125.22	109.57	109.34	114.12	83.92	92.72	67.71
10	Profit / ( Loss ) After Tax	208.15	139.17	78.80	179.26	191.23	322.06	249.89	280.90	249.24	245.12	234.87	211.58	158.15	148.74	147.96
11	Dividend Declared															
	Dividend Rate %	28.40	7.70	6.00	11.00	11.00	18.00	15.00	15.00	14.00	11.00	11.00	12.00	10.00	10.00	10.00
	Dividend Amount :	156.68	51.21	39.91	73.04	73.04	119.52	96.79	96.81	89.77	70.53	70.77	77.45	64.55	64.55	62.91
	Dividend Payout Ratio %	75.27	36.80	50.64	40.75	38.19	37.11	38.73	34.46	36.02	28.77	30.13	36.61	40.82	43.39	42.52
12	Working Capital	1416.72	1605.84	1544.05	1607.38	1465.03	1695.06	1378.73	1199.67	1116.04	1036.33	1933.66	1896.01	1418.44	1434.06	884.39
13	Capital Employed	3770.97	3853.36	3490.07	3165.12	2961.59	3196.10	2998.40	2616.38	2513.19	1831.12	3176.37	2973.17	2472.58	2449.97	1756.80
14	Net Worth	3186.27	3034.70	2929.69	2925.02	2829.12	2710.93	2508.39	2355.29	2171.20	2011.73	1837.14	1672.42	1537.38	1447.30	1361.50
15	RATIOS															
	Current Ratio [CA : 1]	1.24	1.34	1.64	1.56	1.35	1.62	1.58	1.42	1.40	1.85	2.25	1.93	2.63	3.28	2.29
	Debt Equity Ratio [Debits : 1]	0.23	0.19	0.14	0.08	0.14	0.16	0.16	0.11	0.15	0.11	0.72	0.85	0.81	0.66	0.32
	Debt Service Coverage Ratio (Times)	1.86	1.70	2.36	2.38	1.51	4.78	3.15	4.55	5.29	4.26	6.95	4.72	5.91	7.50	17.68
	Interest Service Coverage Ratio (Times)	2.99	3.36	5.24	5.15	4.07	7.63	4.87	7.27	11.51	8.07	6.95	4.72	5.91	7.50	17.68
	EBIDTA to Capital Employed %	18.88	13.58	9.40	15.29	19.57	27.94	21.34	24.53	22.59	29.12	13.84	17.59	15.82	14.93	16.19
	PBT to Capital Employed %	5.38	6.11	3.67	7.86	9.83	15.95	12.25	14.53	14.90	19.37	10.84	10.95	9.79	9.86	12.28
	PAT to Capital Employed %	5.52	3.61	2.26	5.66	6.46	10.08	8.33	10.74	9.92	13.39	7.39	7.12	6.40	6.07	8.42
	PBT to Net Worth %	6.37	7.75	4.38	8.50	10.29	18.80	14.64	16.14	17.25	17.63	18.74	19.47	15.75	16.68	15.84
	PAT to Net Worth %	6.53	4.59	2.69	6.13	6.76	11.88	9.96	11.93	11.48	12.18	12.78	12.65	10.29	10.28	10.87
	PAT to Equity %	37.73	25.23	14.28	32.49	34.66	58.38	45.30	50.92	45.18	44.43	42.57	38.35	28.67	26.96	26.82
	Earning Per Share After Tax (Rs.)	3.77	2.52	1.43	3.25	3.47	5.84	4.53	5.09	4.52	4.44	4.26	3.84	2.87	2.70	2.68
	EBIDTA to Turnover %	7.11	5.74	4.36	6.49	6.43	11.07	9.29	9.00	8.48	9.40	8.42	6.13	7.35	10.03	9.43

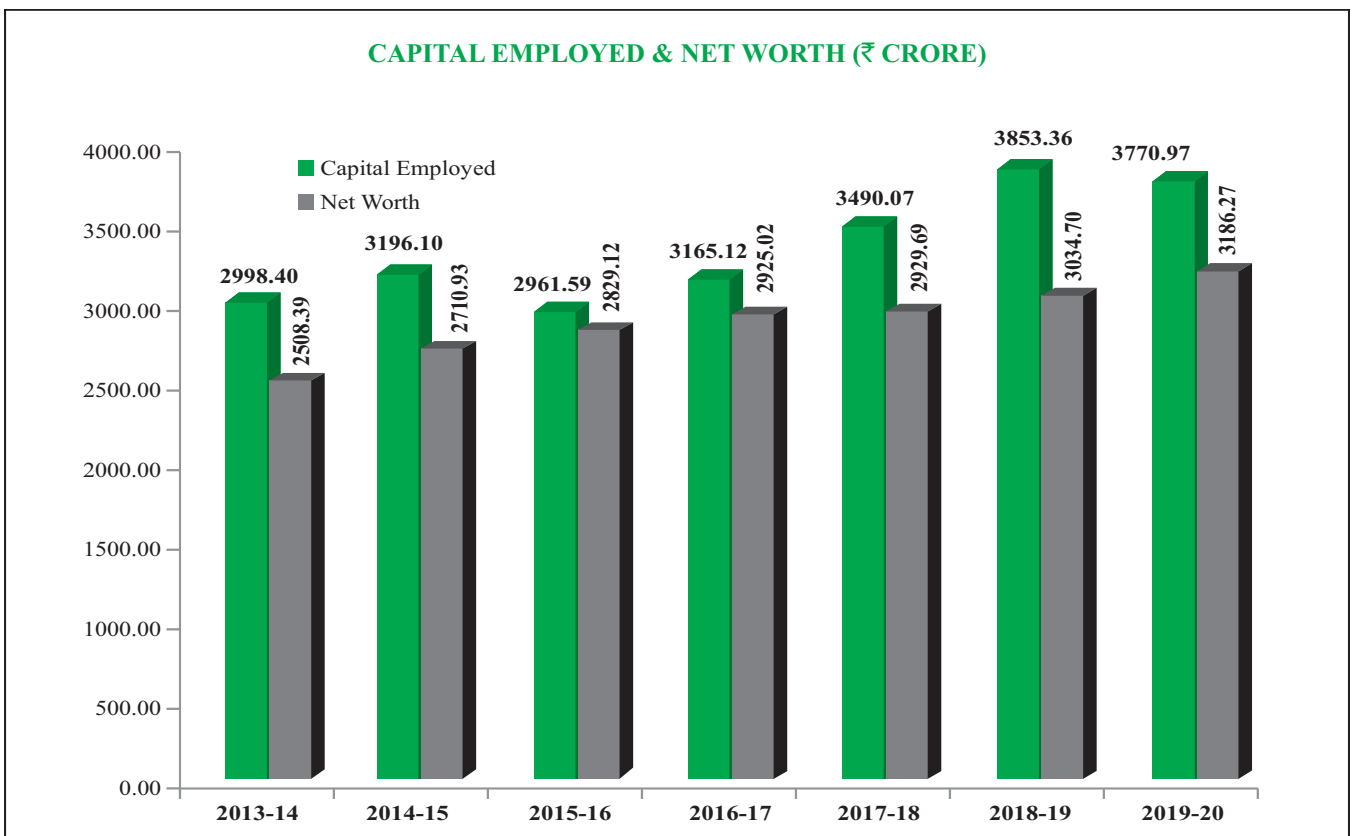
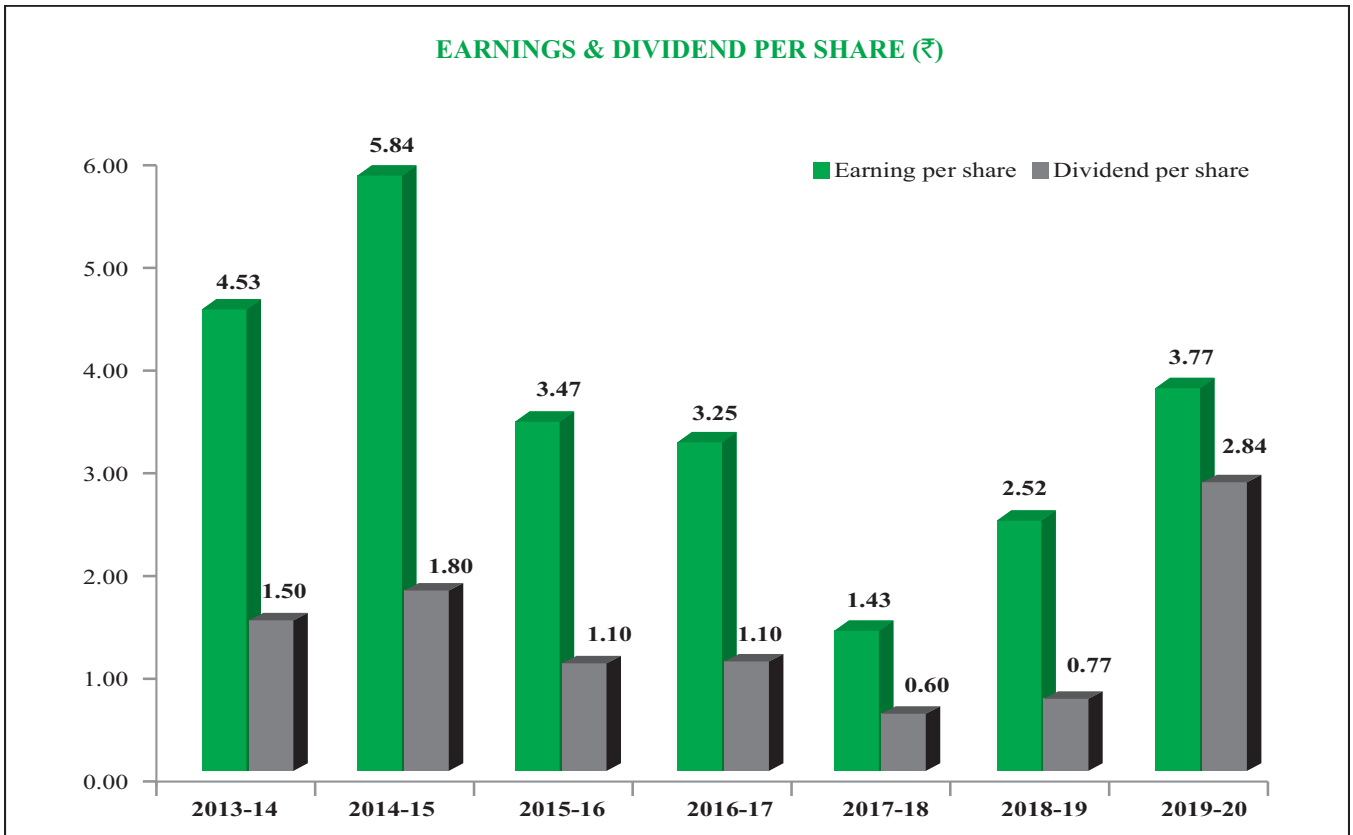
₹ in crore

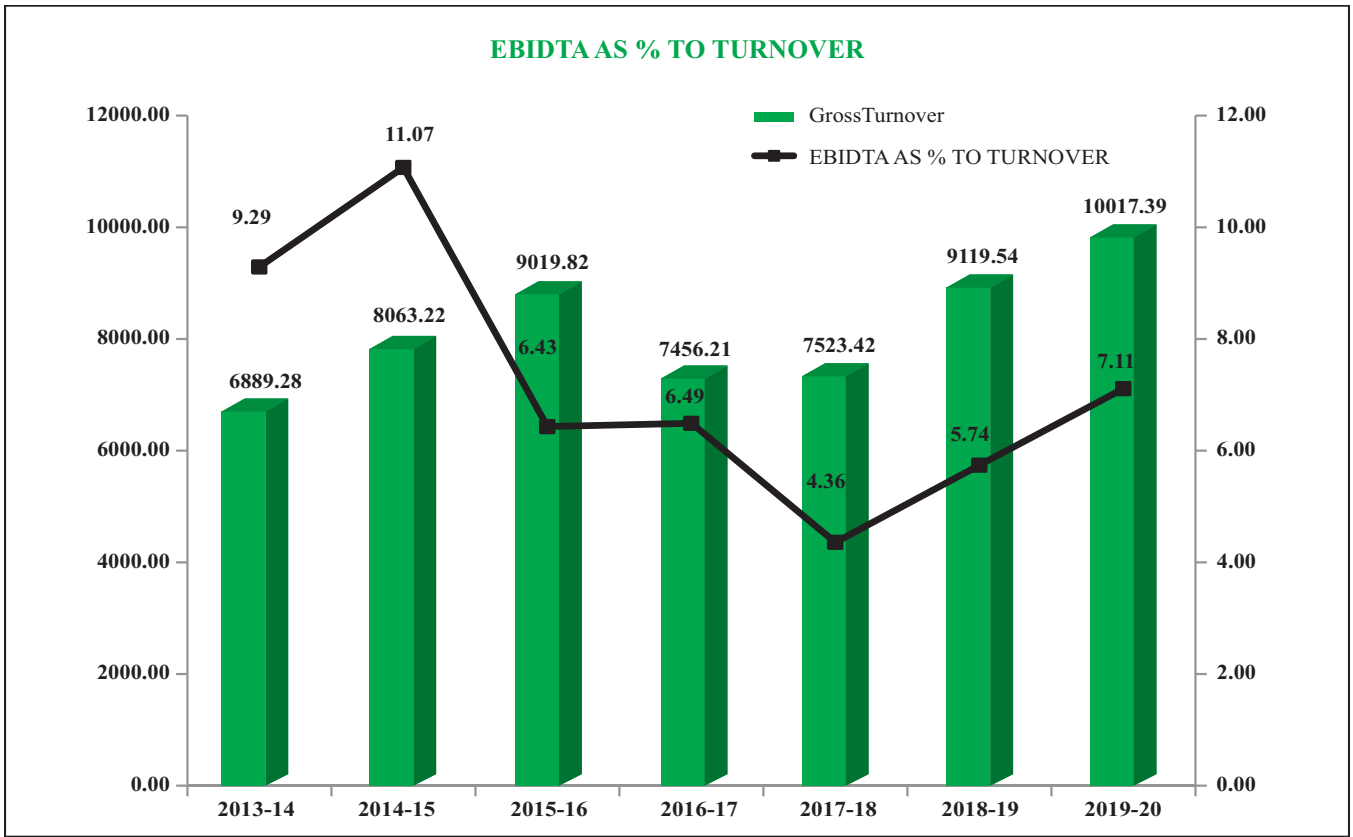
**OPERATIONAL PROFIT (EBIDTA), PBT AND PAT (₹ CRORE)**



**FERTILIZER AND IPD SALES (₹ CRORE)**







#### MISSION STATEMENT

Exponential growth through business excellence with focus on maximising stakeholder value by manufacturing and selling fertilizers and chemicals in a reliable, ethical and socially responsible manner.

#### VISION STATEMENT

To be a world class corporate in the field of fertilizers and chemicals with dominant position in Indian market, ensuring optimal utilisation of resources, taking due care of environment and maximising value of stake holders.

#### VALUE STATEMENT

RCF shall deal in all aspects of Business with integrity, honesty, transparency and with utmost respect to the stakeholders, by honouring our commitments, providing results and striving for highest quality.

## SENIOR MANAGEMENT TEAM AS ON 01.08.2020

Employee Name	Designation
Sameer Rastogi	Chief Vigilance Officer
Saifuddin K Fidvi	Executive Director (HR) & CSO
Milind M Deo	Executive Director (P & PD)
Nuhu H Kurane	Executive Director (Marketing)
Nazhat Shaikh	Executive Director (Finance)
Hemant R Kulkarni	Executive Director (Commercial)
Abhay V Lonkar	Executive Director (Thal)
Purna Chandra Patnaik	Executive Director (HSE & HRD)
Santosh V Gawade	Executive Director (IT & Trombay Projects)
Siddharth B Potpose	Chief General Manager (Corporate)
Anne Joseph	Chief General Manager (Commercial)
Anil G Mathur	Executive Director (Trombay) I/c.
Suhas S Shelar	General Manager (IPD)
Anil P Dandekar	General Manager (Finance), Thal
Vineeta B Rao	General Manager (Medical)
Tushar M Bhagwat	General Manager (Nitrogen), Thal
Rajkumar R Kulkarni	General Manager (HWP / Projects), Thal
Ajay M Patil	General Manager (Operations), Trombay
Sunita Shukla	General Manager (HR)
Atul B Patil	General Manager (Marketing)
Mukund M Riswadkar	General Manager (Marketing)
Aniruddha M Khadilkar	General Manager (Technical), Thal
Rajiv Pande	General Manager (Trombay Projects)
Nitin D Shinde	General Manager (Finance), Thal
Dipak Deshpande	General Manager (Marketing)
Jai Bhagwan Sharma	General Manager (Company Secretary)
Sunil P Thokal	General Manager (HR/A), Thal
Anil Kumar Shrivastava	General Manager (Complex & Maintenance), Trombay

**Bankers:** State Bank of India  
Swastik Chamber  
Chembur, Mumbai.

**Statutory Auditors:** M/s Chhajed & Doshi,  
Mumbai  
M/s Ford Rhodes Park & Co.  
LLP, Mumbai

**Cost Auditors:** M/s K. G. Goyal & Associates,  
Jaipur.

**Solicitor:** M/s M.S. Bodhanwalla & Co.,  
Mumbai.

**Website address :** www.rcfltd.com

**Cin:** L24110MH1978GOI020185

**Email address :** investorcommunications@rcfltd.com

**Telephone :** 022 24045024 / 022 25523114

**Registered Office :** “Priyadarshini”  
Eastern Express Highway  
Sion, Mumbai 400 022.

**Share Transfer Agent:** M/s. Link Intime India Pvt. Ltd.,  
C-101, 247 Park, L.B.S.Marg,  
Vikhroli (West), Mumbai 400 083  
022 49186000 | www.linkintime.co.in

**RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED**

**CIN: L24110MH1978GOI020185**

Registered Office: "Priyadarshini", Eastern Express Highway, Sion, Mumbai - 400 022.

Phone: 022-24045024/ Fax:022 24045022 Email Id: investorcommunications@rcfttd.com / Website: www.rcfttd.com

**NOTICE**

**42<sup>nd</sup> ANNUAL GENERAL MEETING**

**NOTICE** is hereby given that the 42<sup>nd</sup> Annual General Meeting of the Members of Rashtriya Chemicals and Fertilizers Limited will be held on Wednesday, December 30, 2020 at 3.00 p.m. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements (Standalone and Consolidated) of the Company for the financial year ended March 31, 2020, including Profit & Loss Statement for the year ended March 31, 2020 and Balance Sheet as at that date together with the Reports of Directors and Independent Statutory Auditors and comments thereon of the Comptroller and Auditor General of India.
2. To declare dividend on equity share capital for the financial year 2019-20.
3. To appoint a Director in place of Ms. Alka Tiwari (DIN: 03502306), who retires by rotation and being eligible, offers herself for reappointment.
4. To appoint a Director in place of Shri K. U. Thankachen (DIN: 06946476), who retires by rotation and being eligible, offers himself for reappointment.
5. To fix the remuneration of Statutory Auditors for the Financial Year 2020-21 and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to Section 142 and other applicable provisions, if any, of the Companies Act, 2013, the approval of the members be and is hereby accorded to the Board of Directors to fix the remuneration, as may be reasonable and expedient, of the Statutory Auditors appointed by the Comptroller and Auditor General of India for conducting the Audit of the accounts of the Company for the financial year 2020-21."

**SPECIAL BUSINESS:**

6. **To appoint Shri S. C. Mudgerikar, as Chairman & Managing Director of the Company**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160 and 161 and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and on the basis of the recommendation of Nomination & Remuneration Committee, Shri S .C. Mudgerikar (DIN: 03498837), who was appointed by the Board of Directors as an Additional Director and designated as Chairman & Managing Director of the Company w.e.f. October 1, 2019 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as the Chairman & Managing Director of the Company, in the scale of ₹ 2,00,000 – ₹ 3,70,000/- plus perquisite as applicable to the grade, for a period of five years w.e.f. October 1, 2019, till the date of his superannuation, or until further orders, whichever is the earliest. He shall not be liable to retire by rotation."

7. **To appoint Smt. Shashi Bala Bharti, as an Independent Director of the Company**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 160 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re- enactment thereof for the time being in force), Smt. Shashi Bala Bharti (DIN: 08770477), who was appointed as an Additional Director of the Company and who holds office upto the date of this Annual General Meeting of the Company, and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a period of three years w.e.f. June 25, 2020, or until further orders, whichever is earlier, in terms of letter no. 78/2/2006-HR(PSU) dated May 1, 2020 issued from Ministry of Chemicals & Fertilizers. She shall not be liable to retire by rotation."

#### 8. Approval of Cost Auditor's remuneration

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

**“RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 ( including any statutory modification(s) or re- enactment thereof for the time being in force), the remuneration payable to Shri Rohit J. Vora, Cost Accountants (Membership No.M5740), Mumbai, appointed by the Board of Directors as Cost Auditors to conduct the audit of the Cost records of the Company for the financial year ending March 31, 2021, amounting to ₹2,00,000/- excluding applicable taxes be and is hereby ratified and confirmed.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

#### 9. To approve offer or invitation to subscribe to Secured Non-Convertible Debentures on private placement

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

**“RESOLVED THAT** pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to the provisions of the Articles of Association of the Company, the approval of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which terms shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to offer or invite subscriptions for secured non-convertible debentures (NCDs), in one or more series/tranches, aggregating upto to ₹ 1,000 Crore (Rupees One Thousand Crore Only), on private placement, from such persons and on such terms and conditions as the Board of Directors of the Company may, from time to time, determine and consider proper and most beneficial to the Company including, without limitation, as to when the said Debentures are to be issued, the consideration for the issue, mode of payment, coupon rate, redemption

period, utilization of the issue proceeds and all matters connected therewith or incidental thereto.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary to proper or expedient to give effect to this resolution.”

#### 10. To appoint Ms Aparna S. Sharma, as Director of the Company

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160 and 161 and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder ( including any statutory modification(s) or re- enactment thereof for the time being in force), Ms Aparna S Sharma (DIN 07798544) who was appointed by the Board of Directors as an Additional Director of the Company w.e.f. September 1, 2020 and who holds office upto the date of this Annual General Meeting Company in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company w.e.f. September 1, 2020, in terms of letter no. 95/1/2019-HR-PSU dated September 1, 2020 issued from Ministry of Chemicals & Fertilizers, who shall be liable to retire by rotation.”

#### 11. Borrowing Powers of the Company

To consider and if thought fit, to pass, the following resolution as a Special Resolution:

**“RESOLVED THAT** in supersession of special resolution passed by the members of the Company through Postal Ballot on August 16, 2014 and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and the Articles of Association of the Company, consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board), to borrow for and on behalf of the Company, from time to time as they may consider fit, any sum or sums of money, in Indian Rupees or any other foreign currency, from bank(s) or financial institution(s), other person or persons, firms, bodies corporate, notwithstanding that the monies to be borrowed together with the monies already

borrowed by the Company (apart from temporary loans and credits obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the Company's paid-up share capital, free reserves, that is reserves not set apart for any specific purpose, and securities premium account, provided that the total amount so borrowed and outstanding at any time shall not exceed Rs.12,500 crore (Rupees Twelve Thousand Five Hundred Crore only) or the aggregate of the paid-up capital, free reserves and securities premium account of the Company, whichever is higher.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things, to execute all such documents, instruments and writings as it may in its absolute discretion consider necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard."

## 12 Creation of security on the properties of the Company

To consider and if thought fit, to pass, the following resolution as a Special Resolution:

**"RESOLVED THAT** in supersession of special resolution passed by the members of the Company through Postal Ballot on August 16, 2014 and pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force) ("the Act"), and the Articles of Association of the Company, consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board), for creation of charge/mortgage/pledge/hypothecation, in addition to existing charge/mortgage/pledge/hypothecation, on all or any of the moveable and/or immovable properties, tangible and/or intangible assets of the Company, both present and future and/or the whole or any part of one or more of the undertaking(s) of the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, in favour of the bank(s), financial institution(s), lender(s), other investing agencies, trustee(s) or any person, for securing the borrowings availed/to be availed by the Company by way of loan(s) (in foreign currency and/or rupee currency) and securities (comprising fully/partially convertible debentures and/or non-convertible debentures with or without detachable or non-detachable warrants and/or secured premium notes and/or floating

rate notes/bonds or other debt instruments), issued/to be issued by the Company, from time to time, subject to the limits approved under Section 180(1)(c) of the Act together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the agent(s), trustee(s), premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation/revaluation/fluctuation in the rates of exchange and all other monies payable by the Company in terms of the loan agreement(s), debenture trust deed(s) or any other document, entered into/to be entered into between the Company and the lender(s), agent(s), trustee(s), agency(ies) or any person, in respect of the said loans/borrowings/ debentures/securities and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board and the lender(s), agent(s), trustee(s), agency(ies) or any person.

**RESOLVED FURTHER THAT** the securities to be created by the Company as aforesaid may rank prior/pari passu/subservient with/to the mortgages and/or charges already created or to be created in future by the Company or in such other manner and ranking as may be thought expedient by the Board and as may be agreed to between the concerned parties.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board or persons authorised by the Board, be and are hereby authorised to finalise, settle and execute such documents/ deeds/ writings/agreements as may be required, and to accept any modification(s) to, or to modify, alter, vary, the terms and conditions thereof and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages/charges as aforesaid or otherwise considered to be in the best interests of the Company."

By order of the Board of Directors

**(J. B. Sharma)**  
Company Secretary  
FCS 5030

Date: November 10, 2020

Place: Mumbai



## Notes:

1. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the meeting is annexed hereto.
2. Considering the extra-ordinary circumstances caused by COVID-19 and in light of the social distancing norms, the Ministry of Corporate Affairs (“MCA”) has vide its circulars dated April 8, 2020, April 13, 2020 and May 5, 2020 (“MCA Circulars”) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020 issued by the Securities and Exchange Board of India (“SEBI Circular”) permitted the holding of the Annual General Meeting of a Company through Video Conferencing (VC)/Other Audio Video Means (OAVM), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA & SEBI Circulars, the AGM of the Company is being held through VC / OAVM on Wednesday, December 30, 2020 at 3.00 p.m.

The procedure for joining the AGM through VC/OAVM is mentioned in this Notice.

3. Since the AGM is being held through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM. The Proxy Form as well as the Attendance Slip are therefore, not annexed to this Notice.
4. Members shall have the option to vote electronically (“e-voting”) either before the AGM (“remote e-voting”) or during the AGM.

In compliance with the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014 and any amendments thereto, Secretarial Standard on General Meetings (“SS-2”), Regulation 44 of the SEBI Listing Regulations and MCA Circulars, the facility for remote e-voting in respect of the business to be transacted at the AGM is being provided by the Company through Central Depository Services (India) Limited (“CDSL”). Necessary arrangements have been made by the Company with CDSL to facilitate remote e-voting and e-voting during AGM.

5. Members are permitted to join the AGM through VC/OAVM, 15 minutes before the scheduled time of commencement of AGM and during the AGM, by

following the procedure mentioned in this Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 Members on a 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 any restrictions pertaining to joining the AGM on a first come first served basis. Institutional Investors who are Members of the Company, are encouraged to attend and vote at the AGM.

6. Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act, 2013.
7. Members attending the AGM through VC / OAVM should note that those who are entitled to vote but have not exercised their right to vote by remote e-voting, may vote during the AGM through e-voting for all businesses specified in the Notice. The Members who have exercised their right to vote by remote e-voting may attend the AGM but cannot vote during the AGM.
8. Register of Members and Share Transfer books will remain closed from Thursday, December 24, 2020 to Wednesday, December 30, 2020 [both days inclusive].
9. The Company has fixed Wednesday, December 23, 2020 as the ‘Record Date’ for determining entitlement of members to final dividend for the financial year ended March 31, 2020, if approved at the AGM.
10. The final dividend, as recommended by the Board of Directors, if approved at the AGM, payment of such dividend subject to deduction of tax at source will be made on or after Wednesday, December 30, 2020 to those persons;
  - (a) whose names appear as beneficial owners as at the end of the business hours on Wednesday, December 23, 2020 in the list of beneficial owners to be furnished by the National Securities Depository Limited (“NSDL”) and Central Depository Services (India) Limited (“CDSL”) in respect of the shares held in electronic forms; and
  - (b) As members in the Register of Members of the Company as on Wednesday, December 23, 2020 in respect of shares held in physical form.
11. A person, whose name is recorded in the Register of Members / Beneficial Owners list maintained by the

depositories as on Wednesday, December 23, 2020 only shall be entitled to avail the facility of remote e-voting or e-voting during the AGM.

12. Members are requested to notify immediately any changes in their address to the Company or its Transfer Agents: Link Intime India Pvt. Ltd., C 101, 247 Park, L. B. S. Marg, Vikhroli West, Mumbai 400 083.
13. Any clarifications needed by the members of the Company may be addressed to the Company Secretary at the Registered Office of the Company or through e-mail [investorcommunications@rcf ltd.com](mailto:investorcommunications@rcf ltd.com) at least seven days prior to the date of Annual General Meeting.
14. The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2011-12, from time to time on due dates, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 24, 2019 (date of last Annual General Meeting) on the website of the Company ([www.rcf ltd.com](http://www.rcf ltd.com)), as also on the website of the Ministry of Corporate Affairs.

During the year 2020-21, the Company has transferred unclaimed dividend amount for the financial year ended 31st March, 2013 to IEPF.

Members who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company or to the Registrar and Transfer Agents, Link Intime India Private Limited, immediately. Members are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any claims.

In accordance with Section 124(6) of the Companies Act, 2013 read with the IEPF Rules, all the shares in respect of which dividend has remained unclaimed or unpaid for 7 (seven) years or more are required to be transferred to the Demat Account of the IEPF Authority. The Company has already sent notices to all such members. In case the Company received no communications from the members, necessary steps will be initiated by the Company to transfer shares held by the members to the IEPF authority without further notice. Please note that

no claim shall lie against the Company in respect of the shares so transferred to the IEPF authority.

**Claim from IEPF Authority :** Members/claimants whose shares and unclaimed dividend have been transferred to the IEPF Authority can claim the same by making an application to the IEPF Authority in Web Form IEPF- 5 along with requisite documents (available on [www.iepf.gov.in](http://www.iepf.gov.in)). Member/claimant can file only one consolidated claim in a financial year as per the IEPF Rules. Link to Web Form IEPF- 5 is also available on the website of the Company at [www.rcf ltd.com](http://www.rcf ltd.com) under the 'Investor Relations' section. No claims shall lie against the Company in respect of the dividend/shares so transferred.

15. Members who still hold share certificate(s) in physical form are advised to dematerialize their shareholding to avail the benefits of dematerialization, which includes easy liquidity since trading is permitted in dematerialized form only, electronic transfer, savings in stamp duty and elimination of any possibility of loss of documents. Further, with effect from April 1, 2019, requests for transfer of securities are not permitted unless the securities are held in a dematerialized form with a depository except in case of transmission or transposition of securities as per SEBI Listing Regulations. Members who still hold share certificate(s) in physical form are advised to dematerialize their shareholding at the earliest. Members can contact the Company or Registrar and Share Transfer Agents for assistance in this regard.
16. Members holding shares in dematerialized form are requested to update with their respective Depository Participants ("DP"), their bank account details (account number, 9 digit MICR and 11 digit IFSC), e-mail IDs and mobile number. Members holding shares in physical form may communicate details to the Company / Registrar and Transfer Agent viz. Link Intime India Private Limited ("RTA") before Wednesday, December 23, 2020 by quoting the Folio No. and attaching a scanned copy of the cancelled cheque leaf of their bank account and a self attested scanned copy of the PAN card.
17. **Nomination Facility :** As per the provisions of Section 72 of the Act, facility for making nomination is available for the Members in respect of the shares held by them. Members holding shares in single name and who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a member desires to cancel the earlier nomination and record fresh nomination, he may submit the same in Form No. SH-14. Members holding shares in physical form are requested to obtain the nomination forms from

- the Company's Registrar and Share Transfer Agents. Members holding shares in electronic form may obtain the nomination forms from their respective depository participants. Both the forms are also available on the website of the Company at [www.rcfltd.com](http://www.rcfltd.com) under 'Investor Relations' section.
18. In line with MCA and SEBI circulars, the Notice calling the AGM along with the Annual Report for 2019-20 ("Annual Report") is being sent through electronic mode to those Members whose email addresses are registered with the Company / Depositories. Members may note that the Notice of AGM and Annual Report will also be available on the website of the Company at [www.rcfltd.com](http://www.rcfltd.com) under 'Investor Relations' section, the website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The Notice is also disseminated on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com).
  19. Since the AGM will be held through VC / OAVM, the route map is not annexed to the Notice.
  20. All the documents referred in the Notice are available for inspection electronically from the date of dispatch of Notice till Wednesday, December 30, 2020. Members seeking to inspect such documents are requested to write to the Company at [investorcommunications@rcfltd.com](mailto:investorcommunications@rcfltd.com)
  21. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/ Link Intime (in case of shares held in physical mode) and depositories (in case of shares held in demat mode). Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to [investorcommunications@rcfltd.com](mailto:investorcommunications@rcfltd.com) or [cs@rcfltd.com](mailto:cs@rcfltd.com) or [rcfdivtax@linkintime.co.in](mailto:rcfdivtax@linkintime.co.in). The aforesaid declarations and documents need to be submitted by the shareholders on or before December 23, 2020.
  22. Brief profile and other required information about the Directors proposed to be appointed/re-appointed, as required under Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India as approved by the Central Government, is enclosed to this Notice.
  23. **Investor Grievance Redressal:** The Company has designated an exclusive e-mail ID i.e. [investorcommunications@rcfltd.com](mailto:investorcommunications@rcfltd.com) to enable the investors to register their complaints / send correspondence, if any.
  24. **Webcast:** The Company is providing the facility of live webcast of proceedings of the AGM. Members who are entitled to participate in the AGM can view the proceedings of AGM by logging in the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com) using the login credentials.
- PROCEDURE FOR REMOTE E-VOTING, ATTENDING THE AGM THROUGH VC/OAVM AND E-VOTING DURING THE AGM:**
- A. Procedure and instructions for remote e-voting:**
- The voting period begins on Saturday, December 26, 2020 from 9:00 a.m. (IST) and ends on Tuesday, December 29, 2020 at 5:00 p.m. (IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Wednesday, December 23, 2020, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter and the same will be enabled during the AGM for the Members who have not casted their vote through remote e-voting.
- Members who have cast their vote by remote e-voting prior to the AGM may also attend / participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
- (i) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
  - (ii) Click on Shareholders / Members
  - (iii) Now Enter your User ID
    - a. For CDSL: 16 digit beneficiary ID;
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID;
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

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.

- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in dematerialized form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier resolution of any other company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:.

For Members holding shares in dematerialized form and physical form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both i.e. shares held in dematerialized form as well as physical form)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company / Depository Participant are requested to write to the Company at <a href="mailto:investorcommunications@rcftd.com">investorcommunications@rcftd.com</a></li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>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.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or Company please enter the member ID / Folio No. in the dividend bank details field by following the instructions (iii).</li> </ul>

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in dematerialized 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 on resolutions of any other company on which they are eligible to vote, provided that the 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.

- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on Electronic Voting Sequence Number ("EVSN") of "Rashtriya Chemicals and Fertilizers Limited".
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the resolution and option NO implies that you dissent to the resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the details of the resolution.
- (xiii) 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 modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take a print of the votes cast by clicking on "Click here to print" option on the voting page.
- (xvi) 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" and enter the details as prompted by the system.
- (xvii) Members can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective stores. Please follow the instructions as prompted by the mobile app while remote e-voting through your mobile.
- (xviii) Note for Non – individual Members and Custodians

- Non-individual Members (i.e. other than individuals, HUF, NRI etc.) and Custodians are required to log onto [www.evotingindia.com](http://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](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details, a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto: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.
- Alternatively, non-individual Members are required to send the relevant Board resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the scrutinizer and to the Company, if the aforesaid documents are not uploaded on the CDSL e-voting system, for scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto: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, 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](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

## **B. Procedure and instructions for Members attending the AGM through VC / OAVM:**

- (i) Members will be able to attend the AGM through VC / OAVM or view the live webcast of AGM through the facility provided by CDSL at [www.evotingindia.com](http://www.evotingindia.com) by using their remote e-voting login credentials and selecting the EVSN for the Company’s AGM.
- (ii) Members are encouraged to join the AGM through laptops / iPads for better experience.
- (iii) Members connecting through mobile devices or tablets or laptop connecting via mobile hotspot may experience loss of audio / video due to fluctuation in the network.
- (iv) Members are requested to use an internet facility with a good bandwidth to avoid facing any disturbance during the AGM.
- (v) Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number along with their queries at [investorcommunications@rcfltd.com](mailto:investorcommunications@rcfltd.com) from Saturday, December 26, 2020 from 9:00 a.m. (IST) to Monday, December 28, 2020 till 5:00 p.m. (IST). Those Members who have registered themselves as a speaker will be allowed to express their views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

## **C. Procedure and instructions for Members for e-voting during the AGM are as under:**

- (i) The procedure to be followed for e-voting on the day of the AGM will be the same mentioned above for remote e-voting.
- (ii) Only those Members, who are present at the AGM through VC / OAVM 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 during the AGM.
- (iii) If any votes are cast by the Members through the e-voting facility available during the AGM and if the said Members have not participated in the AGM through VC / OAVM facility, then the votes cast by such Members shall be considered invalid as the facility of e-voting during the AGM is available only to the Members attending the AGM.

- (iv) Members who need any technical assistance before or during the AGM, can contact Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400 013 or send an email to helpdesk.evoting@cDSLindia.com or call 1800 22 5533 / 022-2305 8542.

### Scrutinizer

The Board of Directors has appointed Shri Bhumitra V. Dholakia, Designated Partner of M/s. Dholakia and Associates LLP, Company Secretaries or his absence Shri Nrupang Dholakia, Partner of M/s. Dholakia and Associates LLP, Company Secretaries as a Scrutinizer to scrutinize the remote e-voting and e-voting at AGM in a fair and transparent manner.

### Declaration of Results:

- 1) The scrutinizer shall, immediately after the conclusion of voting during the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairperson of the Company or the person authorized by him, who shall countersign the same.
- 2) Based on the scrutinizer's report, the Company will submit within 48 hours of the conclusion of the AGM to the Stock Exchanges, details of the voting results as required under Regulation 44(3) of the SEBI Listing Regulations.
- 3) The results declared along with the scrutinizer's report, will be hosted on the website of the Company at [www.rcfltd.com](http://www.rcfltd.com) and on the website of CDSL, immediately after the declaration of the result by the Chairperson or a person authorised by him in writing and communicated to the Stock Exchanges.

### STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The following statement sets out all the material facts relating to the Special Business mentioned in the accompanying Notice.

#### Item No.6

Shri S.C. Mudgerikar has taken over charge of Chairman & Managing Director of Rashtriya Chemicals and Fertilizers Ltd. (RCF) w.e.f. October 1, 2019. Shri Mudgerikar is an Indian Railway Traffic Service (IRTS) Officer. He is a Post Graduate Engineer with a Post Graduate Management

qualification from IIM Bangalore. He has wide experience in Logistics & Supply Chain Management and has worked in the Indian Railways in various capacities as an IRTS Officer. Before joining RCF, he has worked as Director (Marketing & Corporate Planning) of Central Warehousing Corporation. He has also served the Director on the Boards of CONCOR Air Ltd., National Multi Commodity Exchange, IFFCO-CRWC JV, Maharashtra SWC & West Bengal SWC. He has also worked as Chief Commercial Manager (FS), CPRO, Sr. Divisional Commercial Manager in the Indian Railways & Chief General Manager of CONCOR. He has received extensive training in the field of Management at some of the world's best Institutes like IIM Bangalore, IIM Kolkata, INSEAD/ Singapore, ICLIF/Malaysia, Syracuse University USA Antwerp Port Training Centre, China-Europe Management School. He has in-depth knowledge about the supply-chain logistics & is also involved in policy making for further development of the field.

The Mudgerikar is not disqualified from being appointed as Directors in terms of Section 164 of the Act and has given his consent to act as Director.

The Company has, in terms of Section 160(1) of the Act, received notice from member(s) proposing his candidature for the office of Chairman & Managing Director.

Shri Mudgerikar does not hold any shares in the Company by himself or for any other person on beneficial basis.

Except Shri Mudgerikar, to whom the resolution relates, no Director, Key Managerial Personnel of the Company or their relatives, is concerned or interested, financially or otherwise, in the resolution.

The Board of Directors considered that keeping in view his vast expertise and knowledge, it will be in the interest of the Company to appoint him as Chairman and Managing Director.

The Directors, therefore, recommend the resolution set forth in item no. 6 for the approval of the members.

#### Item No.7

Smt. Shashi Bala Bharti who has been appointed by President of India as an Independent Director on the Board of the Company w.e.f. June 25, 2020, pursuant to Section 161(1) of the Companies Act, 2013 read with Article 81(4) of Articles of Association of the Company, will hold the office till the date of 42nd Annual General Meeting.

Smt Shashi Bala Bharti holds a degree of Master of Arts from Agra University and Bachelor of Education from Kanpur University. She is an eminent parliamentarian and was former member of Uttar Pradesh Legislative Assembly. She

has been associated with social activities and also associated with women welfare for the last 27 years. Currently, she is a Member of Uttar Pradesh State Commission for Women from September 2018.

Smt. Bharti is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as Director.

The Company has received a declaration from Smt. Shashi Bala Bharti that she meets with the criteria of independence as prescribed both under sub-section (6) of section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, Smt. Shashi Bala Bharti fulfils the conditions for her appointment as an Independent Director as specified in the Act.

Pursuant to the provisions of Section 161(1) of the Act, Smt. Shashi Bala Bharti shall hold office up to the date of this Annual General Meeting and is eligible to be appointed as an Independent Director. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from Member(s), proposing her candidature for the office of Independent Director.

Smt. Shashi Bala Bharti does not hold any shares in the Company by herself or for any other person on beneficial basis.

Except Smt. Shashi Bala Bharti, to whom the resolution relates, no Director, Key Managerial Personnel of the Company or their relatives, is concerned or interested, financially or otherwise, in the resolution.

The Board of Directors considered that keeping in view her vast expertise and knowledge, it will be in the interest of the Company to appoint her as Director.

The Directors, therefore, recommend the resolution set forth in item no. 7 for the approval of the members.

#### **Item No.8**

Pursuant to the recommendation of the Audit Committee, the Board of Directors at their meeting held on May 29, 2020, has considered and approved the appointment Shri Rohit J. Vora, Cost Accountants (Membership No.M5740), Mumbai to conduct the audit of the cost records of the Company for the financial year ending March 31, 2021, as set out in the Resolution under this Item of the Notice.

In accordance with Rule 14 of Companies (Audit and Auditors) Rules 2014, remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, requires ratification

by the Shareholders and hence this resolution is put for the consideration of the shareholders.

No Director, Key Managerial Personnel of the Company or their relatives, is concerned or interested, financially or otherwise, in the resolution.

The Directors, therefore, recommend the resolution set forth in item no.8 for the approval of the members.

#### **Item No. 9**

Sub-rule (2) of Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 prescribed under Section 42 of the Act dealing with private placement of securities by a company states that in case of an offer or invitation to subscribe for non-convertible debentures on private placement, the company shall obtain previous approval of its shareholders by means of a special resolution only once in a year for all the offers or invitations for such debentures during the year. Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014 deals with issue of secured debentures.

In order to augment long term resources for financing, inter alia, the ongoing capital expenditure and for general corporate purposes, the Board may, at an appropriate time, offer or invite subscription for secured non-convertible debentures, in one or more series / tranches on private placement, issuable/redeemable at par.

Accordingly, consent of the members is sought for passing the Special Resolution as set out at Item No. 9 of the Notice. This resolution is an enabling resolution and authorises the Board of Directors of the Company to offer or invite subscription for Secured Non-convertible Debentures, as may be required by the Company, from time to time for a year from the date of passing this resolution.

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.

The Directors, therefore, recommend the resolution set forth in item no.9 for the approval of the members.

#### **Item No. 10**

Ms Aparna S Sharma, who has been appointed by President of India as Government Nominee Director on the Board of the Company w.e.f. September 1, 2020, pursuant to Section 161(1) of the Companies Act, 2013 read with Article 81(4) of Articles of Association of the Company, will hold the office till the date of 42<sup>nd</sup> Annual General Meeting.

Ms Aparna S. Sharma, Joint Secretary, Department of Fertilizers, Ministry of Chemicals and Fertilizers, Govt. of India. She is a post graduate in English Literature from

Delhi University and a 1990 batch CSS Officer. She has over 30 years of work experience in various Ministries of Government of India including Department of Higher Education, Health and Family Welfare, Personnel and Training, Finance and Urban Development. She has handled a range of subjects while handling portfolios of varied nature relating to intellectual property rights, infrastructure development, policy formulation, scheme implementation, drafting legislation and work of regulatory nature. She has written several articles and made presentations at national and international workshops as part of official duties.

Ms Sharma is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as Director.

Ms Sharma does not hold any shares in the Company by herself or for any other person on beneficial basis. The Company has received a notice in writing from a member proposing the candidature of Ms. Sharma for the office of Director

Except Ms Sharma, to whom the resolution relates, no Director, Key Managerial Personnel of the Company or their relatives, is concerned or interested, financially or otherwise, in the resolution.

The Board of Directors considered that keeping in view her vast expertise and knowledge, it will be in the interest of the Company to appoint her as Director.

The Directors, therefore, recommend the resolution set forth in item no.10 for the approval of the members.

#### **Item No. 11 & 12**

The shareholders of the Company had, through postal ballot on August 16, 2014, increased the borrowing limits of the Company and authorised the Board of Directors to borrow funds, from time to time, for the business of the Company, up to an amount, the aggregate outstanding of which should

not exceed, at any given time, ₹ 10,000 Crore (Rupees Ten Thousand Crore Only). The shareholders of the Company had, through postal ballot on August 16, 2014, also passed a Resolution for creation of charge on properties of the Company to secure the repayments of the borrowings.

Keeping in view, the existing borrowings and the additional fund requirements for meeting the Capital expenditure for ongoing projects such as Talcher Project, and future projects such as Thal Revamp etc. and enhanced working capital needs of the Company on account of larger quantum of imports of urea being handled as a canalizing agency (State Trading Enterprise) on account of Department of Fertilizers and higher trading volumes envisaged from Financial Year 2020-21 onwards, the present approved borrowing limit need to be reviewed and increased.

Pursuant to Section 180(1)(c) and 180(1)(a) of the Companies Act, 2013, approval of the shareholders by way of special resolution is required to authorize the Board of Directors to borrow moneys ₹ 12500 crore (Rupees Twelve thousand five hundred crore only) and create security in respect thereof.

The Board of Directors accordingly recommends the special resolution(s) as set out at Item Nos. 11 and 12 of the Notice for your approval.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Items No. 11 & 12.

By order of the Board of Directors

**(J. B. Sharma)**  
Company Secretary  
FCS 5030

Date: November 10, 2020

Place: Mumbai



**DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE AGM PURSUANT TO SECRETARIAL STANDARD 2 ON GENERAL MEETING**

<b>Name</b>	<b>Shri S.C. Mudgerikar (DIN: 03498837)</b>	<b>Ms. Alka Tiwari (DIN: 03502306)</b>	<b>Shri K. U. Thankachen (DIN: 06946476)</b>	<b>Smt. Shashi Bala Bharti (DIN 08770477)</b>	<b>Ms Aparna S. Sharma (DIN 07798544)</b>
<b>Age</b>	54 years	54 years	58 years	70 years	53 years
<b>Date of birth</b>	17.12.1965	06.09.1965	15.07.1962	19.07.1950	02.06.1967
<b>Date of Appointment</b>	01.10.2019	06.03.2017	11.12.2018	25.06.2020	01.09.2020
<b>Qualification</b>	Indian Railway Traffic Service (IRTS), M.E (Metrollogical) B.E. & a Post Graduate Management from IIM Bangalore.	Graduate (English); P.G. (Psychology) & IAS	MBA	Master of Arts & Bachelor of Education	Post graduate in English Literature from Delhi University and CSS Officer
<b>Terms &amp; Conditions of appointment</b>	Appointed as Chairman & Managing by President of India through Ministry of Chemicals & Fertilizers.	Appointed as Part-time Official Director by President of India through Ministry of Chemicals & Fertilizers.	Appointed as Director (Marketing) by President of India through Ministry of Chemicals & Fertilizers	Appointed as an Independent Director by President of India through Ministry of Chemicals & Fertilizers	Appointed as Part-time Official Director by President of India through Ministry of Chemicals & Fertilizers.
<b>Expertise in specific Functional Area</b>	Shri Mudgerikar has wide experience in Logistics & Supply Chain Management	Ms Tiwari is a 1988 batch of IAS officer and is presently Addl. Secretary, Department of Fertilizers, Ministry of Chemicals and Fertilizers, New Delhi. She has varied and rich experience in Government, in different positions, and has great managerial capabilities	Shri Thankachen is a seasoned professional in the field of logistics and warehousing with over 30 years of experience.	Smt Shashi Bala Bharti is an eminent parliamentarian and was former member of Uttar Pradesh Legislative Assembly. She has been associated with social activities and also associated with women welfare for the last 27 years. Currently, she is a Member of Uttar Pradesh State Commission for Women from September 2018.	Ms Sharma is a 1990 batch CSS Officer. She has over 30 years of work experience in various Ministries of Government of India including Department of Higher Education, Health and Family Welfare, Personnel and Training. Finance and Urban Development.
<b>Details of remuneration last drawn (Financial year 2019-20)</b>	₹ 25.20 Lakh	Nil	₹ 46.66 Lakh	Nil	N.A.

Name	Shri S.C. Mudgerikar (DIN: 03498837)	Ms. Alka Tiwari (DIN: 03502306)	Shri K. U. Thankachen (DIN: 06946476)	Smt. Shashi Bala Bharti (DIN 08770477)	Ms Aparna S. Sharma (DIN 07798544)
Number of Meetings of the Board held during the year (2019-20) and number of Board Meetings attended	4/4	7/10	10/11	0/0	N.A.
Relationship with any other Director, Manager and other KMP of the Company	N.A.	N.A.	N.A.	N.A.	N.A.
Directorship held in other companies	a. The Fertiliser Association of India b. Indian Potash Limited	a. The Fertilisers and Chemicals Travancore Limited b. Hindustan Organic Chemicals Limited	a. The Fertilisers and Chemicals Travancore Limited	Nil	Nil
Memberships/ Chairmanship of Committees in other Companies*	Nil	Nil	Nil	Nil	Nil
No. of Shares held	Nil	Nil	Nil	Nil	Nil

\* In line with Regulation 26 of SEBI Listing Regulations, 2015, membership of only Audit committee and Stakeholders Relationship Committee has been considered.

## DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting this 42<sup>nd</sup> Annual Report on the working of your Company together with the Audited Financial Statements for the year ended March 31, 2020.

### FINANCIAL PERFORMANCE

Particulars	₹ Crore	
	2019-20	2018-19
Total Income (Net)	9826.60	8967.46
Total Operating Cost	9114.64	8444.11
Operational Profit	711.96	523.35
Depreciation/Impairment	171.04	155.69
Finance Cost	237.82	155.85
<b>Profit before exceptional items</b>	<b>303.10</b>	<b>211.81</b>
Net Exceptional Items (income) / Expense	100.17	(23.44)
<b>Profit before Tax</b>	<b>202.93</b>	<b>235.25</b>
Provision for Tax (including deferred Tax liability/ Asset)	(5.22)	96.08
<b>Net Profit</b>	<b>208.15</b>	<b>139.17</b>
<b>Retained Earnings</b>		
Add / (less): Re-measurement of Defined Benefit Plan	(13.87)	(2.46)
Less: Dividend Paid (Previous Financial Year)	42.48	33.10
Less :Dividend Distribution Tax	8.73	6.81
Less: Balance Transferred to / (from ) General Reserve	143.07	96.80

During the year, the major factors impacting your Company's profitability before tax are as under:

- Your Company has recognized subsidy on account of revision in fixed cost as per modified NPS-III for existing Urea Units which resulted in higher operational profits as compared to previous year.
- Higher sales & margins of Complex Fertilizers and traded products also contributed to higher profitability.
- However Lower energy efficiencies at Trombay and Thal Unit adversely impacted Urea margins. Further your

Company has crossed the reassessed level of production of 17.07 LMT in respect of Thal Urea, however falling IPP of Urea has impacted the operating Margins of production of Urea beyond Reassessed capacity.

- Higher borrowings, firming up of interest rates and adverse impact of foreign exchange variation as borrowing costs resulted in a substantial increase in finance costs.
- Company has accounted for fair valuation loss of ₹ 100.17 crore on valuation of Transferrable Development Rights (TDR) held by the Company as exceptional item impacting the Profit before Tax adversely for the year.

### MEMORANDUM OF UNDERSTANDING WITH GOVERNMENT OF INDIA

Your Company has been entering into a Memorandum of Understanding (MoU) with the Ministry of Chemicals & Fertilizers, Government of India, setting the performance parameters and targets every year. Your Company has secured "Very Good" rating for the year 2018-19 from "Poor" rating in 2017-18 signifying a marked improvement in performance.

The performance rating for 2019-20 MoU is yet to be finalised by the Government of India and the Company expects to achieve similar ratings this year.

### DIVIDEND

Although your Company has lined up a number of capex programmes which will entail substantial expenditure, considering the consistent profits being made by the Company, your Directors have recommended a dividend of ₹ 2.84 (i.e. 28.40 %) per equity share (Previous year ₹ 0.77 per equity share) for the financial year 2019-20 which is the highest in the history of RCF. The total outgo on this account works out to ₹ 156.68 Crore (₹ 51.21 Crore in the previous year including dividend distribution tax and education cess.) The dividend payout is subject to the approval of members at the ensuing Annual General Meeting.

### APPROPRIATION TO GENERAL RESERVES

Your Company earned a net Profit after Tax of ₹ 208.15 Crore (₹ 139.17 Crore in the previous year). Remeasurement of defined benefit plans resulted in loss of ₹ 13.87 crore (previous year ₹ 2.46 crore). The dividend payout along with tax and education cess pertaining to FY 2018-19 was ₹ 51.21 crore (₹ 39.91 crore pertaining to FY 2017-18). The balance amount of ₹ 143.07 crore (₹ 96.80 crore in the previous year 2018-19) was transferred to General Reserves.

## AWARDS WON

As in the past, your Company has won many awards during the year 2019-20, some of which are as under:

### Trombay Unit

- Greentech Environment Award - 2019 for outstanding achievements in Environmental Management.
- Trishul Quality Circle has won Gold Trophy in International Convention on Quality Circle (ICQCC'19) in Tokyo, Japan.
- 1<sup>st</sup> Prize towards Energy conservation award in HT Industrial consumer category above 10 MVA during TPC's consumer meet 2019.
- "Certificate of Merit" at 14<sup>th</sup> State Level Energy Conservation Award 2018-19 constituted by Maharashtra Energy Development Agency (MEDA).
- Mr. Vidyanand. R. Kudtarkar was awarded "Outstanding Young Chemical Engineer 2020 award" organized by ICT and IChE.
- R&D Unit has been awarded Renewal of Recognition as "IN-HOUSE R&D UNIT", by the Ministry of Science & Technology, New Delhi for the period from 01.04.2019 to 31.03.2022.
- FAI Award for best production performance in Complex Fertilizers for the year 2018-19.

### Thal Unit

- "Certificate of Excellence" in 14<sup>th</sup> state level award for "State Level Excellence in Energy Conservation & Management" for the year 2018-19 from MEDA, Govt. of Maharashtra.
- FAI Award for Excellence in Safety for the year 2018-19.
- I.C.C. Award for Excellence in Energy Conservation and Management for the year 2018.
- National Safety Council India declared "Certificate of Appreciation" for RCF, Thal and "Certificate of Merit" for Heavy Water Plant Thal.
- AERB Industrial Safety Award-2018 to Heavy Water Board, Thal Unit at Hyderabad.
- Award for Zero accident frequency rate and Longest accident free days for the year 2018 by National Safety Council -Maharashtra.
- NSC-MH Certificate of Merit for Zero accident frequency rate for the year 2018 to Heavy Water Plant Thal.

### Others

- 'Training Provider of The Year' Award by National Awards for Excellence in Training and Development
- "Recognition of WIPS Activities Award" by Forum of Women in Public Sector during 30<sup>th</sup> National Meet held at Hyderabad for its contribution towards Activities of Women in Public Sector.

## OPERATIONAL RESULTS

### Thal Unit

During the year, the unit produced 20.22 lakh MT of Urea compared to 19.84 lakh MT produced during the previous year. In terms of nutrients in the fertilisers, the unit produced 9.30 lakh MT of N during the year, compared to 9.12 lakh MT during previous year.

### Trombay Unit

The Trombay Unit produced 3.26 lakh MT of Urea & 5.71 lakh MT of Suphala 15:15:15 during the year compared to 3.92 lakh MT of Urea & 5.61 lakh MT of Suphala 15:15:15 produced during the previous year. In terms of Nutrient values, the unit produced 2.36 lakh MT of N, 0.86 lakh MT of P<sub>2</sub>O<sub>5</sub> and 0.86 lakh MT of K<sub>2</sub>O during the year compared to 2.64 lakh MT of N, 0.84 lakh MT of P<sub>2</sub>O<sub>5</sub> and 0.84 lakh MT of K<sub>2</sub>O respectively during the previous year.

### Industrial Products

Your Company produces industrial chemicals at its both units. During the year, your Company produced approx. 1.71 lakh MT of various major industrial chemical products as against approx. 2.27 lakh MT during the previous year. Your Company produces, amongst others, ABC, Conc. Nitric Acid, Sodium Nitrate / Nitrite, Methylamines, Dimethyl Formamide, Formic Acid, Methyl Formate, Argon, AN Melt etc.

## MARKETING PERFORMANCE

### Fertilizer Division

Your Company achieved sales volume of 33.01 lakh MT during 2019-20 as compared to 30.49 lakh MT during the previous year. Your Company sold 23.57 lakh MT of Urea, 6.08 lakh MT of Suphala 15:15:15 and 3.36 lakh MT of other bought out products such as DAP, MOP etc., compared to 23.89 lakh MT of Urea, 5.26 lakh MT of Suphala 15:15:15, 0.01 lakh MT of Suphala 20:20:0 and 1.34 lakh MT of other bought out products during the previous year. The total sale of manufactured fertilizers during 2019-20 was 29.65 lakh MT as against 29.15 lakh MT during the previous year.

During the year, your Company has achieved highest over sale of 6.08 lakh MT of Suphala 15:15:15 and 0.403 lakh of City Compost. RCF's sale of City Compost is the highest among its industry peers.

Sale of manufactured fertilizers registered moderate increase of 1.72% over previous year.

### Industrial Product Division

Industrial Products Division achieved sales turnover of ₹ 660.94 Crore as against ₹ 955.16 Crore during the previous year. Your Company has registered reduction in sales of IPD due to increase in gas price and increase in cost of production vis a vis downward trend in selling price as a result of stiff competition and cheaper imports. The Formic Acid, DMF and MF plants were started during the year. Sales of SNA 68 & 72%, Ammonia, STP Water, TMA, Formic Acid was increased during the year.

### Exports

Considering the nature of plants manufactured by your Company and indigenous demand, the scope for export is very limited.

However, your Company successfully exported consignment of 120 MTs of Suphala 15:15:15 to Sharjah, UAE during the year. The product has gained popularity in date farming in UAE. RCF earned valuable foreign exchange worth USD 46,560 equivalent to INR 33.00 lakh from export of Suphala.

Your Company was also successful in popularizing its Ammonium Bicarbonate (ABC) brand in the overseas market through third party export. During financial year 2019-20, your Company has done third party export of ABC to the tune of ₹ 63.66 lakh as against ₹ 41.32 lakh during the previous year in addition to direct export of Suphala.

### Import and Sale of Fertilizers

The import and sale of non-urea fertilizers undertaken by the company tripled during 2019-20 over the previous year. The Company sold 2.91 MT of imported non-Urea fertilizers including DAP, NPK, MOP and water soluble fertilizers during 2019-20 as against 0.97 LMT, the previous year.

RCF also enhanced its footprint in sale of bio-fertilizers during the year. Your Company sold 128 KL Biola in 2019-20 as against 68 KL sold in the previous year. Other products such as Microla, Sujala, pH Balancer also registered healthy volumes during the year. New products such as Organic Growth Stimulant (OGS) and Soluble Silica Fertilizer were launched during the year.

### Agriculture Extension Activities

RCF has undertaken several agriculture extension activities so as to educate the farmers on efficient use of agro-inputs and provide know-how on improved and scientific methods of cultivation contributing to increase in their farm yield. Some of the services so undertaken during the year are as under:

1. **Soil Sample Analysis:** 69936 number of NPK and 14196 number of Micro-nutrient analysis have been done and Soil Health Cards distributed.
2. **Kisan Suvidha Kendras:** 150 Kisan Suvidha Kendras were operated at different districts for imparting Agricultural extension services to the farmers at the field level,
3. **Farmer Training Centres** are operational at Thal and Nagpur for imparting residential training to farmers. A total of 86 programs were undertaken benefitting 3403 farmers during the year.
4. RCF Kisan Care Toll Free service 1800-22-3044 was operated for imparting critical information to the farming community.
5. **RCF Sheti Patrika:** 6 lakh copies of RCF Sheti Patrika (Marathi edition) covering the relevant subjects pertaining to Agriculture and allied fields were distributed to farmers. Translated version of the same in Hindi and Kannada have also been started as e-magazine.
6. **Doordarshan:** RCF sponsored and promoted popular TV programs like Krishi Samruddhichi Gurukilli for sharing of Agriculture Knowledge and RCF Suphala DD Sahyadri Krishi Sanman Puraskar for motivating farmers.
7. **Social Media:** Information has been shared through Social Media (WhatsApp, Facebook, Twitter, Instagram, You Tube) with handle @rcfkisanmanch.
8. **Agricultural Extension Services:** 286 field demonstrations, 259 soil testing days, 600 farmers' meetings, 35 krishi melas, 19 veterinary camp/rural sports, 38 exhibitions, etc. were organized for the benefit of the farmers.
9. **Doubling of Farmer's Income:** RCF initiated a project with Bhama Farmer Producer Company involving a group of 25 farmers in Khed Taluka, Pimpri Block, Pune district, Maharashtra in association with the Agriculture Department with the objective of doubling farmer's income in accordance with the vision of Hon'ble Prime Minister. The project involved hand holding and support to the farmers in terms of technical know-how, soil analysis, method demonstrations, visit of experts, etc. The project has yielded positive results.

## COVID 19 PANDEMIC IMPACT ANALYSIS

In the last month of FY 2020, the COVID-19 pandemic developed rapidly into a global crisis, forcing Governments to enforce lock-downs of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees, and on minimizing disruption to services.

For the year ended March 31, 2020 operations of your Company were scaled down during the last fortnight of the year due to disturbance in supply chain logistics. The Company was quick in restoring the operations ensuring health, safety and well-being of its employees. This has resulted in minimal impact on the operations and results for the year ended March 31, 2020.

In India, the agricultural sector has remained relatively insular during COVID-19. The Government has classified agriculture and related industries under essential commodities, to ensure food security and provide livelihood opportunities to the rural workforce. Though the manufacture and transport of essential commodities like Fertiliser and Agrochemicals were exempted under the guidelines issued by the Ministry of Home Affairs, the industry faced challenges in the initial period, affected by the labour shortage, employee mobility and strict administrative checks, impacting the raw material handling, production and distribution. However, the situation is fast normalizing and the industry is now geared up to increase its production with support from the Centre and the State Governments.

For the financial year 2020-21, adverse impact of COVID 19 pandemic on your Company is anticipated in the following areas:

- i) Manpower - Own employees as well as Contract labour downtime due to movement restrictions and health issues.
- ii) Delay in commissioning of projects and the ensuing benefits due to delayed supply of equipment's and restrictions in movement of personnel from foreign countries / within India required for the project.
- iii) Rationalization of Government expenditures may result in delayed settlement of subsidies straining liquidity and working capital.

In order to lend support to Government's effort in containing the COVID 19 pandemic and prevent further spread, your Company has launched its own brand of IPA based Hand cleansing gel – "RCF Saferola" in the market.

## MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY

No material changes have occurred as at the end of the financial year to which the balance sheet of the Company relates and the date of this report except the day to day challenges being faced by the company on account of COVID 19 pandemic.

## RISK MANAGEMENT

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has framed a Risk Management Policy for risk assessment and minimization procedures. The Risk Management Policy developed with the objective of having a balanced approach towards business plan and mitigating the associated risks, is in place. The system identifies better management practices to ensure greater degree of confidence amongst various stakeholders and facilitates good Corporate Governance practice. All risks associated with Operations, Environment, Finance, Marketing, Human Resource, Legal, Information Technology Security, Projects etc., are continuously monitored. The degree of impact of the perceived risks is further graded into high, medium and low and the probability of the occurrence of each risk is also classified on regular basis. In order to mitigate losses arising out of such perceived risks, appropriate procedures are being adopted to contain the risks. Also the practices adopted during emergencies, including the communication system and mode of disseminating information are periodically reviewed and updated to minimize the impact on the Company. Quarterly report in respect of the same is presented to the Board.

The Board of Directors had constituted Risk Management Committee to identify elements of risk in different areas of operations and to develop policy for actions associated to mitigate the risks. The Committee on timely basis informs the Board of Directors about risk assessment and minimization procedures which in the opinion of the Committee may threaten the existence of the Company, if any. The details of Risk Management Committee are included in the Corporate Governance Report.

## MAJOR EXPANSION AND DIVERSIFICATIONS

The status of major projects undertaken by your Company is as under:

### PROJECTS COMPLETED

#### Sewage Treatment Plant (STP) at Trombay

Supply of water to industries in Mumbai, particularly during summer, is unreliable. Ensuring water availability is critical for the smooth functioning of the Trombay Unit. Knowing

this, your Company has set-up one more new Sewage Treatment Plant (STP) adjacent to the existing STP with a capacity to treat 22.75 Million Litres per Day (MLD) of Municipal Sewage to produce about 15 MLD of treated water. The plant has been commissioned in January, 2020. A portion of the treated water is supplied to M/s Bharat Petroleum Corporation Ltd. (BPCL), on mutually agreed terms.

#### **Ammonia V PAC & CO2 compressor internals & turbine replacement at Trombay Unit**

With aim to reduce steam consumption, the drive turbines of PAC and CO2 Compressors are being replaced and revamp of PAC and CO2 compressors is carried out by replacing the internals with improved design. The expected energy reduction is around 0.199 Gcal per MT of Urea. Capital cost of the project is ₹57.62 Crore.

#### **PROJECTS UNDER IMPLEMENTATION:**

Schedule of projects under implementation is being hampered due to lockdown owing to COVID-19 pandemic outbreak. The movement of project related Foreign personnel is also restricted due to COVID-19, resulting in further delays.

#### **Gas Turbine at Trombay**

To meet the New Energy norms, your Company is implementing various energy reduction projects. One of these project is installation of Gas Turbines Generator (GTG) of 2 x 25 MW along with Heat Recovery Steam Generator (HRSG) of 2 x 65 MTPH capacity. This project aims to reduce the specific energy consumption in Ammonia and Urea Plants at Trombay. Work has been awarded to M/s Thermax on 18.04.2018 for implementing the project on LSTK basis. Estimated project capital cost is about ₹427 Crore. Expected Energy Saving is 0.30 Gcal/MT of Urea.

#### **Trombay Urea-V Plant Revamp (Casale Scheme)**

Urea-V plant revamp scheme is based on End-to-End survey conducted by M/s Casale SA, Switzerland. The project has been taken-up with following objectives:

- Reduction in specific energy consumption of Urea.
- Plant capacity: 1350 MTPD on sustained basis.
- Improving the waste water quality to Boiler Feed Water grade.

Expected energy saving as result of this project is 0.19 Gcal/MT of Urea. Estimated project capital cost is about ₹137.03 Crore.

#### **Trombay Ammonia V Plant Revamp (KBR Scheme):**

Ammonia-V revamp project is being implemented as a part of energy improvement schemes to meet the new energy

norms for Trombay Unit. The estimated project cost is ₹72.75 Crore. The Basic Engineering is being done by KBR, USA and Detail Engineering is being done by PDIL. The scheme is envisaged to result in energy saving of 0.25 Gcal/MT of Ammonia.

#### **Variable frequency drive (VFD) for HP Ammonia Feed pump at Thal**

Your Company has undertaken installation of variable frequency drive on HP Ammonia feed pumps for power saving at estimated cost of ₹6.60 Crore. Expected saving is 0.012 Gcal/MT of Urea.

#### **Ammonia Refrigeration Compressor (ARC) – IV Project at Thal**

With aim to reduce the specific energy consumption in Ammonia and Urea Plants at Thal by 0.05 Gcal/MT, Your Company is installing new Ammonia Refrigeration Compressor (ARC)-IV. Estimated project capital cost is about ₹ 44.50 Crore. The project is expected to be completed by September 2021.

#### **PROJECTS UNDER CONSIDERATION**

#### **Organic Fertilizer plant at Trombay**

Your Company is planning to setup an Organic Fertilizer plant using STP & ETP sludge and Gypsum, sourced in-house, at Trombay unit. The plant capacity will be 10,000 MT per year. The project shall serve dual purpose of marketing organic fertilizer as per Government mandate as well as the disposal/management of STP & ETP sludge with the manufacturing of value added product giving clean environment. Estimated project Capital Cost is about ₹8 Crore.

#### **New AN Melt Plant at Trombay**

With an aim to reduce specific consumption of raw materials and improve the energy efficiency of the plant, your Company is planning to set-up new AN Melt Plant at Trombay.

#### **Revamp of ANP Granulation Section at Trombay**

Presently ANP plant is not in operation due to economic unviability of the NPK 20:20:0 which is sold under brand name Suphala. Your Company is exploring possibility of revamping ANP Granulation section for manufacturing other grades of NPK like 12:32:16, 10:26:26 and 20:20:0:13 etc.

#### **ETP up-gradation at Thal**

Upgradation of ETP for treating 9,000 M3/day effluent at an estimated cost of ₹71 Crore. Benefit of the project will be better environment management through recycling of treated effluent as a raw water to the tune of 5,250 M3 per day from Thal Unit. Scheme will be completed by June, 2022.

### **Motor Driven Nitrogen Compressor in Argon Plant at Thal**

Existing steam turbine driven compressor will be replaced with motor driven at estimated cost of ₹20.78 crore to utilize power generated from GT. Saving expected is ₹4.70 Crore per year. Scheme will be completed by August, 2021.

### **JOINT VENTURE PROJECTS**

#### **Coal Based Fertilizer Plant at Talcher**

Your Company, along with Coal India Limited (CIL), Gas Authority of India Limited (GAIL) and Fertilizer Corporation of India Limited (FCIL), is setting-up a Coal Gasification based fertilizer complex, comprising of 2200 MTPD Ammonia plant and 3850 MTPD Urea plant, at FCIL, Talcher, Odisha. Land and certain facilities needed for the project are provided by FCIL. The project will utilize state-of-the-art Coal Gasification Technology from M/s Air Products (erstwhile M/s Shell Eastern). A joint venture company 'Talcher Fertilizers Limited' has been incorporated for establishing and operating Coal Gasification based Fertilizer complex.

The estimated Project capital cost is approx. ₹13,277 Crore (RCF share is ₹1,184 crore on account of proposed equity participation). Letter of Intent (LOI) for Coal Gasification and Ammonia-Urea Plants was placed on M/s Wuhuan on 11.09.2019 and on 19.09.2019 respectively. Other site activities are in progress.

The project is of strategic importance for the country as it aims to make breakthrough for an alternative source of feedstock in the form of abundantly available coal from domestic sources in place of natural gas. Success of this project is expected to be a game changer and shall pave a way forward to the production of chemicals and fertilizers from coal leading to lesser RLNG imports. It will also help in meeting much needed Urea production capacity for the eastern part of the Country.

#### **Revival of Brahmaputra Valley Fertilizer Corporation Limited (BVFCL) – Namrup Unit**

The revival of BVFCL Namrup Unit is proposed to be carried out by JV of NFL (35%), Oil India Ltd. (26%), RCF (17%), BVFCL (11%) and Govt. of Assam (11%).

The proposed project entails setting up a Urea plant with an annual capacity of 1.27 Million MT. The estimated Project Cost is approx. ₹7628 Crore. The feasibility study for the project is being carried out by PDIL.

### **SUBSIDIARY AND OTHER JOINT VENTURE COMPANIES**

A separate statement containing the salient features of

financial statements of all the joint ventures of your Company forms part of consolidated financial statements in compliance with Section 129 and other applicable provisions, if any, of the Companies Act, 2013. The financial statements of the joint ventures and related information are available for inspection by the members through electronically up to the date of the Annual General Meeting (AGM) as required under Section 136 of the Companies Act, 2013. Any members seeking to inspect such documents are requested to write to the Company at investorcommunications@rcfltd.com. The financial statements including the consolidated financial statements and all other documents required to be attached to this report have been uploaded on the website of your Company (www.rcfltd.com).

### **JOINT VENTURE COMPANY**

#### **FACT-RCF Building Products Ltd. (FRBL), Kochi**

Your Company has formed a Joint Venture Company with Fertilizers and Chemicals Travancore Limited (FACT) by incorporating FACT-RCF Building Products Ltd. to set up a Rapidwall project at Kochi. Both your Company and FACT have 50:50 equity holding in the Company. Production has been suspended owing to expected takeover of the Plant & Machinery by the ARC. The company is undertaking only project management services at present.

The unaudited financial statements of FRBL as at March 31, 2020 reported a loss of ₹ 14.53 crore, thus resulting in accumulated loss of ₹ 136.57 crore

#### **Urvarak Videsh Limited (UVL)**

Your Company has formed a Joint Venture Company with National Fertilizers Limited (NFL) and Krishak Bharti Co-operative Limited (KRIBHCO) by incorporating Urvarak Videsh Limited (UVL) to set up joint venture in India and abroad for manufacturing, mining, long term tie ups for Nitrogenous, Phosphatic and Potassic Fertilizers and fertilizer raw materials including exploring the possibility of making investments and rendering Consultancy services, etc. The company explored many alternatives to take up various projects but the same did not fructify due to want of funds as UVL business objective requires heavy capital investment. As the Company could not take up any business, the Board of UVL had decided to declare the company as a Dormant company for the time being in terms of the provision of section 455 of the Companies Act, 2013 as the keeping the status of the company as active was not serving any purpose.

The unaudited financial statements of UVL as at March 31, 2020 reported a loss of ₹72,317/-, thus resulting in accumulated loss of ₹0.47 crore.



### Talcher Fertilizers Limited (TFL)

Your Company has formed a Joint Venture company, with Coal India Limited (CIL), GAIL (India) Limited (GAIL) and Fertilizer Corporation of India Limited (FCIL), with the name Talcher Fertilizers Limited for revival of FCIL's fertilizer unit at Talcher by establishing and operating coal gasification based fertilizer complex. The equity participation of RCF, CIL and GAIL is 29.67% each and that of FCIL is 10.99%. The company is yet to start its operations.

During the year, your Company has infused ₹ 143.16 Crore in TFL.

The unaudited financial statements of the said Company as at March 31, 2020 reported a loss of ₹ 3.03 crore, thus resulting in accumulated loss of ₹ 21.73 crore

### CONSOLIDATED FINANCIAL STATEMENT

The Consolidated Financial Statement of your Company has been prepared by taking into consideration Joint Venture Companies i.e. FACT-RCF Building Products Limited, Urvarak Videsh Limited and Talcher Fertilizers Limited.

The Consolidated financial statements have been prepared under equity method along with Company's standalone financial statements.

### SUMMARY OF FINANCIAL PERFORMANCE

Particulars	₹ Crore	
	2019-20	2018-19
<b>Total Income (Net)</b>	<b>9826.60</b>	<b>8967.46</b>
<b>Total Operating Expenses</b>	<b>9114.64</b>	<b>8444.11</b>
<b>Operational Profit</b>	<b>711.96</b>	<b>523.35</b>
Depreciation/Impairment	171.04	155.69
Finance Cost	237.82	155.85
Share /(loss) of Associates/JVs	(1.02)	(6.25)
<b>Profit/ (Loss) before Exceptional Item</b>	<b>302.08</b>	<b>205.56</b>
Exceptional Item (income) / Expense	100.17	(23.44)
<b>Profit/ (Loss) before Tax</b>	<b>201.91</b>	<b>229.00</b>
Provision for Tax (including deferred Tax liability/ Asset)	(5.22)	96.08
<b>Net Profit / (loss) after tax</b>	<b>207.13</b>	<b>132.92</b>

### RESEARCH AND DEVELOPMENT

Your Company has taken up several Research and Development (R & D) projects, some of which are for commercial scale design and engineering. They are as under:

### Launch of New Product "Organic Growth Stimulant"

In view to promote Integrated nutrient management system, to enhance yield, the sustainability of the system and effectiveness of conventional mineral fertilizers, a completely organic product has been developed and tested successfully on various crops. This product is very useful specifically in cash crops viz. Grapes, oranges, floriculture etc. along with all vegetables and cereals.

The organic product "RCF's Organic Growth Stimulant" was launched on November 21, 2019 in the market adding one more value added product to the basket of fertilizers and chemicals.

### Launch of New Product "Soluble Silicon Fertilizer"

In recent years, Silica (Si) has become more globally accepted as an agriculturally important addition. Beneficial effects of Si includes enhancing plant resistance and tolerance to various biotic and abiotic stresses. Si mitigates multiple abiotic stresses viz. salinity, drought, flooding, freezing, high temperature, ultraviolet radiation and mineral nutrient deficiency/toxicity stress. Contributes to increased food safety, higher production with lower input costs and reduced negative impacts on environmental health. A silica product based on soluble silica and potassium mixture was field tested successfully on paddy and onion. This new product "RCF's Soluble Silicon Fertilizer" was launched on January 23, 2020 in the market.

### Patent application: Nanofertilizers "NanoNutrient composition"

Concrete efforts were made for the development of Nano organic fertilizers with biologically synthesized nanoparticles. This formulation "Nanonutrient Composition" was applied for Indian Patent on 17th October, 2019.

### Soil health management and Balanced Nutrition

Field trials were undertaken at Central Institute of Cotton Research (CICR) Nagpur, for testing three new products developed in-house. The products include a special mixture of micronutrient fertilizers for cotton, biostimulant and bionano fertilizer in special delivery system. The products together address the requirement of balanced nutrition in cotton cultivation. All the products have shown positive impact on the cotton crop and yield. With a few more trials the products will be available for commercialization by 2021-22.

### Collaborative Research in Nanotechnology

A MoU was signed with Indian Council of Agriculture Research (ICAR)-Central Institute for Research on Cotton Technology (CIRCOT), Mumbai for collaborative research in the field of Nanotechnology. This collaboration will support RCF in its Nanofertilizer venture.

## ENVIRONMENT MANAGEMENT AND POLLUTION CONTROL

Your Company is committed to ensuring clean environment, beyond satisfying all stipulated requirements laid down by the statutory authorities, meeting the expectation of stake holders around its operating units.

Your Company has established ISO 14001 compliant Environment Management System (EMS) along with Safety Management System, Quality Management System, and Energy Management System. Certification for IFA Protect & Sustain Product Stewardship System of international standard for environment protection for Safety and product security at its both the manufacturing units. The Management Systems are constantly upgraded, periodic audits and Management Review conducted to ensure compliance and continual improvement. Apart from Stack monitors, which continuously monitor the emissions, four fixed ambient air quality monitoring stations are in place, at both Trombay and Thal, to monitor ammonia, NO<sub>x</sub>, SO<sub>2</sub>, Particulate matter (PM<sub>10</sub> & PM<sub>2.5</sub>) & metrological parameters. Both units of RCF are connected to MPCB and CPCB servers for continuous on line data of stack and effluent parameters. As you are aware RCF uses clean fuel to reduce the Green House Gas emission, efforts are taken to minimize emissions with Reduce, Recycle, Reuse schemes.

The Effluent Treatment plants at Trombay and Thal have ensured that the environment in and around the operating units are fully protected. Environmental safety of neighbours around operating units are taken care. Various schemes with state of the art technologies and modernization schemes are implanted to reduce energy consumption and wastages. The waste streams from the plants are recycled/ reused for useful purpose. As a proactive measure RCF has a Sewage treatment Plant to treat sewage of Mumbai city & use the purified water after treatment for industrial purpose, thereby saving equivalent quantity of potable water for consumption by Mumbaikars. This year an additional stream of STP is commissioned.

Sludge generated in Effluent Treatment Plant, Sulphur Sludge Generated in Sulphuric Acid plant, waste streams of effluents from complex fertilizer plants are recycled back in the processes. 3- R strategy (Reduce, Reuse and Recycle) is employed by way of recycling the sludge generated in ETP, Sulphur sludge generated in Sulphuric Acid Plant is used in Suphala plant for recovery of nutrients.

The integrated Effluent Treatment Plant in Operating Units ensures that effluent discharged from the factory meets the statutory requirements laid down by the Pollution Control Board.

Trombay and Thal units have taken up a massive tree plantation drive in factory premises, in residential colony and surrounding areas.

For increasing awareness regarding environment and safety, public awareness campaign programmes are arranged by Trombay and Thal units by providing demonstrations to local youth, college and school students, housing societies, Panchayat offices, ladies club members and household members in the adjoining localities.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

As part of its initiatives under “Corporate Social Responsibility”, your Company has undertaken several projects in the areas of rural development, promoting health care and education aimed for the benefit of needy and for general good of the society. These projects are in accordance with Schedule VII of the Companies Act, 2013 and the Company’s CSR policy. The report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as **Annexure –I** and forms an integral part of this report. During the year, your Company has spent ₹ 3.42 Crore on CSR activities. The activities, in brief, are as under:

### a. Scholarship to meritorious students

Your Company has provided scholarships to 100 school students of SC community from the Aspirational District Osmanabad of Maharashtra through Centre for Studies in Rural Development (CSR D). Similar scholarship scheme was also extended for Thal, Raigad Dist. Maharashtra.

### b. Supply of drinking water to the villages

Your Company has been providing drinking water for last 24 years to seven villages around Thal unit through pipelines laid from the water reservoir in the unit and spent about ₹ 82.52 lakh on this account during the year. More than 15,700 residents of the villages got benefited from the scheme.

### c. Community Medical Facility- Running of Mobile Medical Van

Your Company in collaboration with Wockhardt Foundation, is running mobile medical vans at Thal, Alibag, Raigad Dist. Total two such medical vans were running during 2019-20. On an average seven villages were covered in weekly cycles by a Mobile van and patients were benefitted from free medical services including supply of medicines. Through this facility, ailments like Malaria, Hepatitis, Dengue, Typhoid, Diabetes etc. were treated on regular basis. The Medical Van is accompanied with one MBBS doctor and one assistant. One medical van attends approximately 25,000 patients per annum.

#### d. Rural Sports

Your Company has supplied sports material and organised district level Adivasi Kabbadi Tournament wherein more than 1000 Tribals participated.

#### e. Livelihood enhancement projects

Your Company has also supplied paddy, fruit saplings and free fertilizers to needy villagers near Thal.

#### f. Aspirational District (Osmanabad)

Government of India has issued guideline to CPSEs related to utilization of CSR funds in a focussed manner towards national priorities by adopting a theme based approach. As per the DPE guidelines common theme identified for the year 2019-20 was School Education and Health Care & Nutrition.

Your Company had selected Osmanabad which is one of the Aspirational district in Maharashtra Your Company has implemented following schemes in Osmanabad.

- 1) RCF provided finance assistance to Zilha Parishad Osmanabad for purchase of Baby Warmers for Primary Health Centres.
- 2) Support to Masoom NGO for Girls Night School in Tuljapur, in Osmanabad District.
- 3) Provided education material to Maharishi Vithal School in Osmanabad District.

#### CPSE CONCLAVE “VISION 2022”

The Department of Public Enterprises (DPE) has embarked on a collaborative exercise for re-defining the role and functioning of Central Public Sector Enterprises (CPSEs) in the context of challenges and expectations emerging from broad vision of ‘New India-2022’. This exercise had culminated in the CPSE Conclave “New India - Vision 2022” held on April 9, 2018 at Vigyan Bhavan, New Delhi which was addressed by Hon’ble Prime Minister.

In line with the directions given by Hon’ble Prime Minister at the Conclave, DPE has prepared Broad Framework of Action Plan comprising of Objectives, Actionable Points, Metric and Responsibility and have circulated the same amongst all CPSEs for developing Company specific actionable points and targets to be achieved by 2022-23.

In line with above, Your Company has prepared the Company specific actionable points with targets and has been working on achieving the same. The actionable points are pertaining to contribution towards minimizing the import bill of the Country, promotion of R&D activities, alignment of CSR activities with national priorities, handholding of MSEs, skill India movement, sharing best practices & infrastructure,

supporting start-ups, reduction in wasteful expenditure, increasing geo-strategic reach of a Company.

The status of each and every actionable point is reviewed by management on every fortnightly basis and by the Board of Directors in every Board meeting. The status is also updated on “DRISHTI” dashboard every month.

#### EFFECTIVE IMPLEMENTATION OF PUBLIC PROCUREMENT POLICY FOR MICRO AND SMALL ENTERPRISES (MSEs)

Government of India, Ministry of Micro, Small and Medium Enterprises, vide order dated March 23, 2012, notified the public procurement policy in respect of procurement of goods and services produced and provided by Micro, Small and Medium Enterprises and further amended it on 9<sup>th</sup> November, 2018 vide Government of India Gazette Notification S.O. 5670(E) dated November 9, 2018.

The Public Procurement Policy for Micro and Small Enterprises (MSE) order, 2012 mandates the 20% of Annual procurement by Central Ministries/ Department and CPSEs from MSEs including 4% from MSEs owned by SC/ST entrepreneurs w.e.f April 1, 2015.

With amendment in Public procurement policy for Micro & Small Enterprises (MSEs) order, 2012 vide GoI Gazette Notification S.O. 5670(E) dated November 9, 2018, the percentage target of procurement of goods and services by Government Departments/CPSEs from MSEs is increased from 20% to at least 25% along with the provision of minimum 3% reservation for women owned MSEs within this 25% reservation. This amendment is made applicable from November 9, 2018.

RCF has taken following actions to maximize procurements from MSEs:

1. Necessary provision has been made in all the tenders stating the eligibility and price preference extended to MSE’s to participate in the tender.
2. Relaxation is given to MSE manufacturers in eligibility criteria in comparison to non-MSE bidders.
3. Provision of minimum 3% reservation for women owned MSEs within total 25% reservation is made effective from 09th Nov., 2018. Since then RCF has started inclusion of this provision in all NITs/Tenders.
4. Special efforts like Women vendor meet was planned and executed.
5. For maximizing the procurements from MSEs RCF has taken following measures
  - Change in policy to open the gates further for MSEs.

- Encouraging more participation in GeM for MSE vendors.
- Conducting/ participating in awareness/ development programs for MSE vendors.
- Encouraging MSE vendors for TReDS payment system to help them manage their working capital requirements.

With concerted efforts, in the year 2019-20, RCF has been able to achieve 42.07% procurement from MSEs and 1.20% of procurement from MSEs owned by SC/ST entrepreneurs out of total procurement of Goods and Services. The percentage of procurement from MSEs owned by women entrepreneurs was 1.35% out of total procurement. The percentage procurement is calculated excluding raw materials, gas, water, electricity, catalyst & proprietary items which cannot be procured from MSEs.

### SUSTAINABLE DEVELOPMENT

Your Company has taken up several Sustainable development activities including the following:

#### Sewage Treatment Plants

Your Company is running two Sewage Treatment Plants (STP) at Trombay Unit with each plant having capacity to treat around 22.75 Million Litres per Day (MLD) of sewage received from MCGM which otherwise would have been drained in to the sea after preliminary treatment. The STP plants treat waste sewage generated in the city and convert it into treated water. Both plants generate about 30 MLD of treated water which is being used in our plants as process water. A portion of treated water generated is supplied to M/s BPCL. During the year 2019-20, about 58,14,367 M<sup>3</sup> of treated water was generated at both STP plants.

Both STP plants of your Company are of great value to residents of Mumbai and society at large besides improving reliability of operations of RCF Trombay Unit.

#### Solar Power Plant

In its bid towards India's vision of achieving ecologically sustainable growth, your Company has forayed into solar power generation. Company has set up a 2 MWp ground mounted Photovoltaic Solar power plant in Trombay Unit in January, 2016. In addition to this, your Company has commissioned solar rooftop facilities at Thal, Trombay and Soil Testing labs with an aggregate capacity of 2.01 MWp. The power generated is used for captive consumption, thereby reducing your Company's power import to the equivalent extent. During the year 2019-20, 5,295 MWh of solar power was generated. The green power generated by solar plants replaces the conventional power generated

through burning of fossil fuels leading to reduction in overall Greenhouse gas emissions.

During 2019-20, 2759 Solar Renewable Energy Certificates (RECs) were generated at RCF Trombay Unit. Out of these RECs, your Company have earned about ₹43.89 lakh by selling 1941 RECs.

### VIGILANCE

Vigilance Department is headed by Shri Sameer Rastogi, IFS, who holds the charge of Chief Vigilance Officer of RCF. The CVO is assisted by a team of officers drawn from various functional departments and placed in Corporate Office at Mumbai and at RCF Thal. The thrust of Team vigilance is to bring greater transparency, fairness and efficiency in all type of transactions and execution of works in the company in line with the Central Vigilance Commission's guidelines. Thus, necessary measures are initiated to review the activities of Corporate Office, Trombay unit, Thal unit and Marketing offices situated throughout the country.

As part of Preventive Vigilance, efforts are made to keep a watch on the various activities through regular inspections and surprise checks. Systemic improvements and corrective actions are suggested wherever necessary. We follow the ideology that "All officers are Vigilance Officers" and the same is implemented in the company. Alertness and support of all officers is taken in implementation of Vigilance directives. The Vigilance Department has focused on spreading awareness on rules/regulations, procedures and solicited information/complaints from all regarding malpractices or corruption. The Vigilance Department has a complaint handling system and an online portal for lodging the complaints. Efforts are made to ensure speedy redressal of the complaints.

Vigilance Department has actively contributed towards e-governance by leveraging technology in all operations in RCF. Tender documents have been made more objective. Transparency in existing system of dealing with the Dealers/Vendors has been enhanced by adopting e-procurement and e-payment. The Vigilance Department has also ushered in an era of e-clearances for issuing NOC for various purposes to the employees like gratuity and visits abroad.

The Vigilance Department conducted the Vigilance Awareness Week from 28.10.2019 to 02.11.2019. The activities during the week were designed to spread Vigilance awareness among young citizens and our external partners. Thus, various competitions were held for school and college students from Mumbai, Thal and some marketing places like Pune etc. and awareness programs were conducted for external partners like vendors, dealer, contractors and farmers.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis report for the year under regulations 34(2)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, highlighting the industry structure and developments, opportunities and threats, future outlook, risk and concerns etc. is annexed as **Annexure II** and form an integral part of this report.

### PUBLIC DEPOSIT

Your Company has not accepted any deposits, within the meaning of section 73 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014.

### OFFICIAL LANGUAGE POLICY

Your Company has fully endeavoured to implement the provisions of Official Language Act, 1963 and the policy of the Government. Publicity material and literature for employees and farmers are made available in Hindi and other regional languages.

### AUDITORS

#### a. Statutory Auditor

The Comptroller and Auditor General of India (CAG) has appointed, M/s. Chhajed & Doshi (Firm Registration Number 101794W) and M/s. Ford Rhodes Park & Co. LLP (Firm Registration Number 102860W / W100089) as Joint Statutory Auditors of your Company for the financial year 2019-20. The Auditors would be retiring at the conclusion of the Forty Second Annual General Meeting. There are no qualifications, reservations or adverse remarks made by Statutory Auditors, in their report.

The Statutory Auditors for the financial year 2020-21 will be appointed by the CAG. However, their remuneration is required to be fixed at the AGM by the members.

#### b. Cost Auditor

Your Directors, on the recommendation of Audit Committee, has appointed Mr. Rohit J. Vora, Cost Accountant (Membership No. 05740), Mumbai as Cost Auditor to audit the cost accounts of the Company for the year 2020-21 on a remuneration of ₹ 2.00 lakh excluding applicable taxes. As required under the Companies Act, 2013, the remuneration payable to cost Auditor is required to be placed before the members in a general meeting for their ratification. Accordingly, a resolution seeking members' approval for the remuneration payable to Mr. Rohit J. Vora as Cost Auditor forms part of the notice convening the Annual General Meeting for their ratification.

#### c. Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Bhandari and Associates, a firm of Company Secretaries in Practice (C.P. No. 366) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed as **Annexure III** and forms an integral part of this Report.

### EXPLANATION OR COMMENTS BY THE BOARD ON SECRETARIAL AUDIT REPORT

M/s. Bhandari and Associates, Practising Company Secretaries, Secretarial Auditor of the Company has made the following observations in their Secretarial Audit Report:

- The Board of Directors comprises of eight Directors, constituting of four Executive Directors (including the Chairman & Managing Director); two Nominee Directors (non-executive) and two Independent Directors. As per Section 149(4) of the Act, at least one-third of the total number of directors should be independent directors and Regulation 17(1) of the Listing Regulations and DPE Guidelines on Corporate Governance for Central Public Sector Enterprises, the Chairman being an Executive Director, at least half of the board of Directors should be comprised of Independent Directors. Thus, the Company does not have the requisite number of Independent Directors including independent Woman Director on its Board.
- Nomination and Remuneration committee ("NRC") is comprises of three Directors, constituting two non-executive Directors including one Independent Director and one Executive Director as on March 31, 2020. Due to retirement of one Independent Director w.e.f. March 7, 2020, the Company does not have requisite number of Independent Director in its NRC committee as on March 31, 2020 as required under section 178(1) of the Act and Reg. 19(1) of the Listing Regulations.
- Corporate Social Responsibility Committee ("CSR committee") is comprises of two Directors, constituting one non-executive Director and one executive Director as on March 31, 2020. Due to retirement of one Independent Director w.e.f. March 7, 2020, the Company does not have requisite number of Independent Director in its CSR committee as on March 31, 2020 as required under Section 135(1) of the Act.

### Explanations on observations made by Secretarial Auditors in seriatim are as under:

- Your Company is a Central Public Sector Undertaking under the Administrative control of the Ministry of

Chemicals and Fertilizers, Department of Fertilizer, Government of India and its Directors on the Board are nominated/appointed by the President of India. The Company is continuously pursuing with the Government of India for the appointment of requisite number of Independent Directors including woman Independent Director on the Board in order to comply with the provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

- b. Shri Suryanarayana Simhadri who is member of Nomination and Remuneration Committee ceased to be Independent Director of the Company on completion of his term on March 7, 2020. Subsequently, Nomination and Remuneration Committee was reconstituted by the Board of Directors on May 8, 2020 with requisite number of Independent Directors. Further, Nomination and Remuneration Committee did not meet during period on 08.03.2020 to 08.05.2020.
- c. Shri Suryanarayana Simhadri who is Chairperson of CSR Committee ceased to be Independent Director of the Company on completion of his term on March 7, 2020. Subsequently, CSR Committee was reconstituted by the Board of Directors on May 8, 2020 with requisite number of Independent Directors. Further, CSR Committee did not meet during period on 08.03.2020 to 08.05.2020.
- d. **Secretarial Standards**  
During the year 2019-20, your Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

#### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS**

There are no significant and material orders passed by the Regulators/Courts/Tribunals that would impact the going concern status of the Company and its future operations.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of section 134(3) (c) of the Companies Act, 2013:

- i] that in the preparation of the annual accounts for the year ended March 31, 2020 the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii] 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 as at March 31, 2020 and of the profit of the Company for the year ended on that date;

- iii] that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv] the annual accounts have been prepared on a going concern basis;
- v] that the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- vi] that 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.

#### **CORPORATE GOVERNANCE**

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on Corporate Governance practices followed by the Company, together with a certificate of Compliance from the Practising Company Secretary forms an integral part of this report.

#### **COMPLIANCE OF CORPORATE GOVERNANCE GUIDELINES ISSUED BY DEPARTMENT OF PUBLIC ENTERPRISES**

DPE, Government of India, has laid down certain parameters for the purpose of grading the CPSEs on the basis of their compliance with guidelines on Corporate Governance and this report needs to be submitted to the Government on quarterly/annual basis. Your Company has been complying with the Guidelines on Corporate Governance for CPSEs laid down by DPE and regularly submits reports to the Government. DPE issued 'Excellent Rating' to your Company for the year 2018-19.

#### **INTERNAL FINANCIAL CONTROL OVER FINANCIAL REPORTING**

Your Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Your Company's internal financial control over financial reporting includes those policies and procedures that:

- 1 pertains 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 authorizations of Management and Directors of the Company; and
- 3 provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### KEY MANAGERIAL PERSONNEL

The following are Key Managerial Personnel of the Company

1. Shri S. C. Mudgerikar [DIN 03498847], Chairman & Managing Director (from 01.10.2019)
2. Shri Umesh V. Dhattrak (DIN 07718394) Chairman & Managing Director (upto 30.09.2019)
3. Shri Sudhir D. Panadare [DIN 07933191], Director (Technical)
4. Shri Umesh Dongre [DIN 08039073], Director (Finance) & CFO
5. Shri K. U. Thankachen [DIN 06946476], Director (Marketing)
6. Shri Jai Bhagwan Sharma [FCS 5030], Company Secretary

### CHANGES IN THE BOARD OF DIRECTORS

Shri S. C. Mudgerikar [DIN 03498847] has been appointed as Chairman & Managing Director of the Company w.e.f. October 1, 2019.

Smt. Shashi Bala Bharti (DIN 08770477) has been appointed as an Independent Director of the Company w.e.f. June 25, 2020.

Shri Umesh V. Dhattrak (DIN 07718394) ceases to be Chairman & Managing Director on the Board on his superannuation on September 30, 2019 (closure of business hours).

Shri Suryanarayana Simhadri (DIN 01951750) Independent Director ceased to be Director of the Company w.e.f. March 7, 2020.

The Board has placed on record their appreciation of the Directors who have ceased to be members of the Board for

the valuable contribution made and the guidance/suggestion provided by them which has greatly benefited the company.

As per Section 152 of the Companies Act, Ms Alka Tiwari (DIN: 03502306) and Shri K. U. Thankachen (DIN: 06946476), Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

### DECLARATION OF INDEPENDENCE

All independent Directors of the company have given declaration confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### COMMITTEES OF THE BOARD

The Company's Board has the following committees:

- i. Audit Committee
- ii. Stakeholders Relationship Committee
- iii. Share Transfer Committee
- iv. Nomination and Remuneration Committee
- v. Committee on Corporate Social Responsibility (CSR)
- vi. Empowered Committee for Procurement.
- vii. Risk Management Committee
- viii. Empowered Committee for Procurement of Urea on Govt. Account
- ix. Debenture Allotment Committee

The details of the committees along with their composition, number of meetings held and attendance of each director at the meetings are provided in the Corporate Governance Report.

### COMPANY'S POLICY ON DIRECTOR'S APPOINTMENT AND RELATED DISCLOSURES

As per notification dated 5<sup>th</sup> June, 2015 issued by Ministry of Corporate Affairs, provision of section 134(3) (e) of the Companies Act, 2013 regarding disclosure of its policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matter provided under sub-section (3) of section 178 of the Companies Act, 2013 are not applicable to a Government company.

Your Company being a Government company, the above provisions are not applicable to it.

Similarly, section 197 of the Companies Act, 2013 requiring disclosure of ratio of the remuneration of each director to the median employee's remuneration and other such details including the name and other particulars of every employee of the company, who if employed throughout/part of the financial year, was in receipt of remuneration in excess of the limits set out in the rules, are not provided in terms of section 197(12) read with rule 5(1)(2) of the Companies(Appointment and Remuneration of Managerial Personnel) Rules, 2014, being not applicable to a Government company as per notification dated June 5, 2015 issued by Ministry of Corporate Affairs.

### MEETINGS OF THE BOARD

Eleven (11) Board Meetings were held during the year. The details of the Board Meetings held during the financial year 2019-20 are provided in the Corporate Governance Report.

### BOARD EVALUATION

Section 134(3) (p) of the Companies Act, 2013 requires the Company to disclose the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual Directors. As per notification dated June 5, 2015 issued by Ministry of Corporate Affairs, provision of section 134(3) (p) of the Companies Act, 2013 shall not apply in case Directors are evaluated by the Ministry which is administratively in charge of the Company, as per its own evaluation methodology. Your Company, being a Government Company, the performance evaluation is carried out by the Administrative Ministry (Ministry of Chemicals & Fertilizers), Government of India, as per applicable Government Guidelines.

Your Company has evaluated the performance of the Independent Directors for the year 2019-20 as per regulation 17(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### PARTICULARS OF LOANS GIVEN, INVESTMENT MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED

Particulars of Loans given, Investments made, Guarantees 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 notes to the financial statements.

### CREDIT RATINGS

The Credit rating assigned by Rating Agencies for the various debt instruments of the Corporation is provided in the Corporate Governance Report.

### PARTICULARS OF EMPLOYEES

During the year under review, none of employees of the Company had drawn remuneration in excess of the limits prescribed under section 134(3) (c) of the Companies Act, 2013 read with Companies (Appointment of Managerial Personnel) Rules, 2014.

### VIGIL MECHANISM/WHISTLE BLOWER POLICY

The details of Vigil Mechanism/Whistle Blower Policy are provided in Corporate Governance Report.

### RELATED PARTY TRANSACTIONS

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

All Related Party Transactions are placed before the Audit Committee and also before the Board for approval. None of the Directors have any pecuniary relationships or transactions vis-à-vis the Company.

The details of the investment in equity made by the Company as on March 31, 2020 is as under:

	₹ Crore
1 FACT-RCF Building Products Limited	32.87 *
2 Urvarak Videsh Limited	0.18 *
3 Talchar Fertilizers Limited	159.51
<b>Total</b>	<b>192.56</b>

\* Company has made full provision towards the value of investment.

The details of transactions with related parties are provided in the accompanying financial statements. There are no transactions to be reported in Form AOC-2.

### INTER CORPORATE DEPOSIT

In connection with one time settlement entered into with Dena Dank, the Company had paid total ₹ 51 crore (₹ 12 crore during the year 2017-18 and ₹ 39 crore during the year 2018-19) to Dena Bank as one time settlement which includes an amount of ₹ 25.50 crore being the share of The Fertilisers and Chemicals Travancore Limited (FACT), the joint venture partner in FRBL. This amount is shown as interest bearing inter corporate deposit given. FACT shall repay the same in five annual equal instalments commencing from December 2020.



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

Your Company has in place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. The Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

During the year, no complaint of Sexual Harassment of Women at Workplace was received by the internal complaints committee formed by your Company under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### RIGHT TO INFORMATION (RTI)

In order to promote transparency and accountability, an appropriate mechanism has been set up across the Company in line with the provisions of the Right to Information Act, 2005. Your Company has nominated CPIO/ACPIOs/Appellate Authorities at its units/offices across the Company to provide information to citizens under the provisions of the RTI Act.

During the year under review, your Company has received 139 RTI applications out of which 129 has been resolved.

### ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, is annexed to this Report as **Annexure IV** and form an integral part of this report.

### EXTRACT OF ANNUAL RETURN

As per the requirements of section 92(3) of the Companies Act and rules framed hereunder, the extract of Annual Return in form MGT-9 is annexed to this Report as **Annexure V** and form an integral part of this report. The same is available on the Company's website <http://www.rcfltd.com/index.php/en/investor-relations/annual-reports>.

### ISSUE OF NON- CONVERTIBLE DEBENTURES (NCDs) / BONDS ON PRIVATE PLACEMENT BASIS

Your Company has allotted 5,000, 6.59% Rated, Listed, Secured, Redeemable, Non-Cumulative, Taxable, Non-Convertible Debentures (NCDs) of face value of ₹ 10,00,000/- (Rupees Ten Lakh only) each, aggregating to ₹ 500 crore

(Rupees 500 Crore only) on private placement basis for cash at par, in dematerialized form (ISIN: INE027A07012), through BSE Electronic Book Platform (EBP) on 5th August, 2020.

The NCDs are for a tenure of Five years, carrying interest @ 6.59% p.a. payable annually. NCDs are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE), on the Whole Sale Debt Market (WDM) Segment.

### BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34 (2) (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Business Responsibility Report initiatives taken from an environmental, social and governance prospective in the prescribed format is available as a separate section of the Annual Report and forms an integral part of this report. Business Responsibility Report is also available on the Company's website [www.rcfltd.com](http://www.rcfltd.com).

### ACKNOWLEDGMENT

Your Directors wish to gratefully acknowledge the valuable guidance and continued support extended by Government of India and in particular, the Department of Fertilizers and the Office of Fertilizer Industry Co-ordination Committee (FICC), Railways, DPE, Members of MOU Task force, and other Central Government Departments and Agencies.

The Board also wishes to acknowledge with sincere gratitude, the help and unstinted support from the Government of Maharashtra and other State Governments, MSEB, MIDC, various Media, Municipal Authorities, Maharashtra Pollution Control Board, Factory Inspectorate and IBR, Bankers to your Company, Financial Institutions, Dealers and Customers.

Your Board wishes to acknowledge gratefully, the confidence posed, unstinted support and suggestions made to the Board by the esteemed Share Owners of the Company. The Board also wishes to place on record the positive suggestions and guidance provided by the Statutory Auditors, Cost Auditors, the Office of the Principal Director of Commercial Audit and Secretarial Auditor.

Last but not the least, your Directors take pleasure in placing on record their deep appreciation of the excellent contribution made by the employees of your Company at all levels, without which your Company would not have achieved such good performance.

**[S. C. Mudgerikar]**  
Chairman & Managing Director

Place: Mumbai  
Date: August 7, 2020

**ANNEXURE - I**

**ANNUAL REPORT ON  
CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES 2019-20**

1.	A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes	Refer section "Corporate Social Responsibility" in Directors Report. CSR Policy may be accessed on the Company's website at the link <a href="http://www.rcfltd.com/public/storage/cmspages/cmspdfFile/F1565001231-CSR_POLICY.pdf">http://www.rcfltd.com/public/storage/cmspages/cmspdfFile/F1565001231-CSR_POLICY.pdf</a>
2.	Composition of the CSR Committee:	Please refer section Committee on Corporate Social Responsibility in the Corporate Governance Report.
3.	Average net profit(PBT) of the Company for last three financial years:	₹ 16,172 Lakh
4.	Prescribed CSR Expenditure (two percent of the amount as in item 3 above):	₹ 323 Lakh
5.	<b>Details of CSR spend for the financial year:</b>	
a.	Total amount spent for the financial year	₹ 341.54 Lakh
b.	Amount unspent, if any:	Not Applicable

**Activity wise CSR Expenditure of RCF for the year 2019-20**

Sr No	Project CSR Projects/Activities Identified	Sector in which Project is covered	Locations Districts (State)	Expenditure in ₹ lakh	Amount spent direct or through implementing agency
1	Mobile Medical Van – in villages around Thal unit	Healthcare	Thal (Maharashtra)	59.58	WOCKHARDT Foundation
2	Scholarship based on merit to SC/ST students at Thal .	R e d u c i n g inequalities faced by Socially and Economically backward groups and promoting education	Thal, District Raigad (Maharashtra)	1.20	RCF
3	Financial Assistance to Sushrut Hospital for treatment of poor out door patients.	Healthcare	Chembur, Mumbai	5.00	Sushrut Hospital
4	Part Financial Assistance for construction of school at Chondi near Thal Unit.	Education	Thal, District Raigad (Maharashtra)	20.00	RCF
5	Support to Swayam Rehabilitation Trust in Thane for conducting special Education to children with multiple disabilities	Special Education for differently abled	Thane, District Mumbai (Maharashtra)	5.00	RCF
6	Support to Myna Foundation raising menstruation and Hygienic habits among women and manufacturing low cost high quality sanitary napkins	Healthcare	Chembur, Mumbai	2.00	Myna Foundation
7	Furniture to Raigad ZP School	Education	Raigat Dist. Maharashtra	0.85	RCF

Sr No	Project CSR Projects/Activities Identified	Sector in which Project is covered	Locations Districts (State)	Expenditure in ₹ lakh	Amount spent direct or through implementing agency
8	Part Financial Support to Rashtriya Vidya Kendra, Hyderabad	Education	Hydrabad	22.00	RCF
9	Manonandana school - Support to education of autistic children	Special Education for differently abled	Bangalore, Karnataka	3.00	MANONDONA CENTRE
10	Financial Assistance to Shree Radha Foundation for Notebooks	Education	Chembur, Mumbai Dist., Maharashtra	1.50	Shree Radha Foundation
11	Fin Assistance To Samyak Deep for purchase of Computers	Education	Chembur, Mumbai.	2.72	Samyak Deep
12	Support for Maintenance of School Building of Jawahar Vidya Bhavan	Education	Chembur, Mumbai Dist., Maharashtra	4.50	RCF
13	Financial Assistance to Chembur Citizen for Notebooks	Education	Chembur, Mumbai Dist., Maharashtra	1.25	Chembur Cittyzen Forum
14	Setting up of "Mini Science Centres" in 40 Zilha Parishad Schools in Osmanbad district (Aspirational District)	Education	Osmanbad District	3.92	Samabhavana Society
15	Financial Assistance to SC/ST students in Osmanabad district for education empowerment	Education	Osmanabad Dist. Maharashtra	13.10	CSR-D-ISWR, Ahmednagar
16	Fin assistance to Zilha Parishad Osmanabad for Purchase of Baby Warmers for Primary Health Centers	Healthcare	Osmanabad Dist. Maharashtra	26.25	Zilha Parishad, Osmanabad
17	Support to Masoom for Girls Night School in Tuljapur, Osmanbad Dist	Education	Osmanabad Dist. Maharashtra	4.06	Masoom
18	Eduaction Material to Maharishi Vitthal School in Osmanbad dist	Education	Osmanabad Dist. Maharashtra	3.00	Maharishi Vitthal School
19	Support to Rajaram Bapu for purchahse of Computers for schools in Islampur, Sangli	Education	Islampur, Sanagli Dist. Maharashtra	4.95	Rajaram Bapu Dyan Prabodhini, Islampur.
20	SC/ST Education expenses -Thal	Education	Thal, Raigad Dist. Maharashtra	3.07	RCF
21	Financial Assistance to ZP School Wadvali, Dist.Raigad	Education	Thal, Raigad Dist. Maharashtra	10.00	RCF
22	Free Distribution of Fertilizers and Sapling at villages nearby Thal.	Rural Development	Dist Raigad, Maharashtra	10.30	RCF
23	Supply of Drinking water at Thal	Providing Safe Drinking Water	Thal, Vaishet, Tudal, Boris, Gunjis, Navgaon, Bhal - District Raigad (Maharashtra)	82.52	RCF
24	Free distribution of agro-input kits to farmers in Odisha affected by Cyclone FANI.	Rural Development	Odisha	15.62	Udhyama NGO

Sr No	Project CSR Projects/Activities Identified	Sector in which Project is covered	Locations Districts (State)	Expenditure in ₹ lakh	Amount spent direct or through implementing agency
25	Adivasi Kabaddi- Thal	Adivali Upliftment	Thal, Dist. Raigad	3.52	RCF
26	Self-employment tools to women	Social Welfare	Chembur, Mumbai Dist., Maharashtra	2.50	Asmita Mahila Mandal
27	Impact Assessment study			1.12	Crux Management Services
28	Flooring of community cum meditation hall at Buddh Vihar, Chembur	Social Welfare	Chembur, Mumbai Dist., Maharashtra	29.01	RCF
				<b>341.54</b>	

6. In case the Company has failed to spend the two per cent 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 CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

**Sd/-**  
**S. C. Mudgerikar**  
Chairman & Managing Director

**Sd/-**  
**Anil Kumar Singh**  
Chairperson - CSR Committee

Dated May 29, 2020

## ANNEXURE – II

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### OVERVIEW OF THE ECONOMY

As per National Statistical Office (NSO), India's Gross Domestic Products (GDP) grew at 4.2 per cent in 2019-20, lower than the 6.1 per cent figure registered in 2018-19, as the COVID-19 pandemic and nation wide lockdown adversely impacted economic activity in the last month of the fiscal year, especially manufacturing and construction industry.

The government has continued its focus on augmenting farmer income through various steps. Increased allocation across the schemes to drive irrigation facilities, improve agricultural markets, augment the allied sectors supporting income, setting-up of FPOs, crop insurance schemes and income supplementation schemes are major positive. With these steps, a positive effect on fertiliser offtake is expected. However, subsidy reduction remains a major concern for the fertiliser sector.

#### INDUSTRY STRUCTURE AND DEVELOPMENT

Overall fertilizers production has increased by 2.7% during financial year 2019-20 after registering muted growth in the last three fiscal years. Improvement in demand due to a good southwest monsoon which resulted in higher sowing aided the increase in production. Imports have increased sharply by 16.6% supported by the increase in urea imports which constituents around 40% of the overall fertilizer imports. Overall Fertilizers Sales too have increased by 22% buoyed by a good monsoon and harvest season.

Production of urea increased by 1.3% marginally on account of efficiencies of scale achieved by urea manufacturers even with the temporary shutdown of certain manufacturing units during the year. Imports have risen by 22.5% to counter the shortfall in domestic production. Import dependence of urea (imports as a proportion of production plus imports) has increased to 27% (from it being 24% during FY19). Urea Sales during the year has been positive and has increased by 16.7%.

Softening of raw material prices and a low base has aided in increasing DAP production by 16.7%. Increase in production has led to a decline in imports by 26.2%. Import dependence of DAP (imports as a proportion of production plus imports) has decreased to 52% (from it being 63% during FY19). DAP Sales had increased by 9.5%.

MOP imports have fallen by 13% and sales has decreased marginally by 1.3%. The production of SSP which is an indigenous phosphatic multi-nutrient fertilizer increased by 4.4%. The production of NPK have fallen by 3.76% and

imports has increased by 36.63% to counter the shortfall in domestic production. Sale had increased by 10%.

As per the New Domestic Gas Policy, the Government revises the domestic natural gas price every six months i.e. April-September and October-March. During FY20 the price of domestic natural gas was USD 3.69/mmbtu during H1-FY20 and USD 3.23/mmbtu during H2-FY20. Currently (H1-FY21) the price for gas produced from local fields has been revised to USD 2.39/mmBtu which is the lowest price ever set as the New Domestic Gas Policy.

As per our estimates, a 26% fall in natural gas prices could potentially lead to a 12.5% decrease in cost of production of urea, thus decreasing the working capital intensity of the fertilizer manufacturers and it will also act as a relief for the fiscal spending of the government while disbursing the urea subsidy, which is already constrained at the moment. This also comes at a good time as the GoI is planning to ease the controls on the retail prices of urea and make the release of the ever-rising subsidy on it far more targeted.

Prices of R-LNG are usually governed by market dynamics based on contracts and are linked with the global crude oil prices. However, soon fertilizer plants could be taking delivery on India's first gas exchange (prices are based on market demand-supply). The Indian Gas Exchange (IGX) which has just been launched but currently it is only dealing with delivery of imported natural gas (LNG) not of domestic natural gas price which is formula driven.

The fertilizer subsidy to be disbursed during financial year 2020-21 has been reduced by 12.1% to ₹ 71,309 crore which could be insufficient for the fertiliser industry which has time and again faced issues regarding inadequate subsidy provisioning. This could lead to a subsidy backlog, thereby impacting the liquidity position of the industry. Additionally, the Ramagundam unit is also expected to start production during financial year 2020-21 supplanting the increase in the urea subsidy requirement during the year. If prices of raw materials (particularly of natural gas) are to rise during the year, this could prove to be problematic and challenging for the government.

The government is reviving 5 closed fertilizer plants - 4 of Fertilizer Corporation of India Limited (FCIL) in Talcher, Ramagundam, Gorakhpur and Sindri and 1 of Hindustan Fertilizer Corporation Ltd. (HFCL) in Barauni. This is being done by setting up new ammonia-urea plants each with a capacity of 12.7 Lakh Metric Tonne (LMT) per annum. The Government expects that with the commissioning/ start of

the above plants, it can increase indigenous urea production significantly leading to a substantial reduction in imports and make India self-sufficient in the years to come. Post the commissioning of all the above plants the domestic indigenous urea production is slated to rise by atleast 63.5 LMT/year.

## STRENGTH, WEAKNESS, OPPORTUNITIES & THREATS

### Strengths

- i) Your Company's strength lies in its skilled manpower, high Brand Equity of its Products such as Ujjwala, Suphala, Microla, Biola, and Sujala and diversified product portfolio of fertilizers and chemicals.
- ii) The wide reach of marketing network ensures that your Company can take its products to the farthest corner of the country.
- iii) Increased usage of digital technology to reach-out to farmers through Mobile App, Facebook page, Twitter handle, Instagram handle and YouTube Channel under the name of "RCF Kisan Manch". RCF is also using community radio services of Krishi Vigyan Kendra (KVK) for telecasting farmers education programs.
- iv) The Farmer's Training Institutes at Thal and Nagpur are helping in a big way to educate farmers on latest farming techniques. Also Company has been operating toll free help line number called "Kisan Care" through which farmers can approach agriculture experts and get their queries addressed.
- v) Larger farmer reach through various farm extension activities like field Demonstration, Sheti-patrika, celebrating soil testing days etc.
- vi) Your Company has a wide portfolio of Industrial chemical products which has applications across several sectors like pharmaceuticals, dyes etc.
- vii) The well maintained plants and equipment ensure that production remains uninterrupted.

### Weaknesses

- i) The Plants have been in operation for a very long time and needs significant investment for upkeep and upgradation.
- ii) As the ultimate customers of the Company are farmers, agro-climatic condition has a large effect on the performance of the Company.
- iii) Raw materials such as Rock Phosphate, MAP, DAP and Potash (MOP) etc. required in the manufacturing of the complex fertilizers have to be imported. Their procurement cost is subject to severe volatility in global

raw material prices and variation in the foreign currency exchange rates affecting the profitability of the Company.

- iv) Volatile Natural gas price for non-Urea operations impacting bottom line of the Company.
- v) Owing to inflow of cheaper imports, some of the products like ANP (NPK 20:20:0), Methanol, Dimethyl Acetamide etc. have become economically unviable.
- vi) Owing to the large subsidy backlog as well as shifting of subsidy realization from point of dispatch to point of retail sale and implementation of DBT have adverse impact on the working capital cycle of the fertilizer industry in the near term.
- vii) Reduction in supply of Domestic gas leads to increase in consumption of imported RLNG at higher cost.

### Opportunities

- i) Several opportunities exist overseas, for Collaborations / Diversification in the field of manufacturing and mining of raw materials as well as fertilizers thereby presenting an opportunity for marketing of variety of products.
- ii) Huge demand and import dependency in case of NPK fertilizers in the Country provides an opportunity to Company for expanding its NPK fertilizer base.
- iii) Alternate feedstock such as Coal gives an opportunity for undertaking Fertilizer Projects in other parts of the country closer to coal mines based on latest coal gasification technology.
- iv) Experienced and Skilled Manpower of your Company has been in demand for rendering O&M services in India and abroad. In view of your Company's training facilities, as well as the available skilled Engineers and Technicians, your Company is in a position to impart training to many foreign and Indian Companies.
- v) Energy saving projects like Trombay Urea-V plant revamp, Trombay Ammonia-V plant revamp, GTG-HRSG project at Trombay, VFD for HP Ammonia feed pump at Thal, etc., are planned for completion within next 2 years. This will have positive impact on the profitability of your Company.

All these opportunities would enable your Company to improve profitability in the coming years.

### Threats

- i) Manufacturing and marketing of Fertilizers is the core business of your Company. In recent years, there has been high volatility in the prices of raw material resulting in an adverse impact on production and marketing plans. The profitability is susceptible to the input costs of major

raw materials, such as Rock Phosphate, Sulphur, DAP, MOP, MAP etc.

- ii) Production of Urea, Complex Fertilizers and chemicals is dependent on the availability of feedstock gas and its economic pricing.
- iii) The industrial chemicals business is also exposed to cut-throat global market competition.
- iv) Department of Fertilizers (DoF), Government of India, is under the process of implementing a move to mop up the unintended gains that the fertilizer units are making in nutrient “N” by use of APM/RIL gas for manufacturing of P&K fertilizers with retrospective effect from 01.04.2010. Your Company has made suitable representation to the DoF on this issue.
- v) Uncertainty in government policies in respect of supply of feed stock gas, pricing of fertilizers and subsidy thereon also affects the performance and competitiveness of the Company.
- vi) Gas Pooling Mechanism for Urea production is adding to the interest burden on the Company.

## OUTLOOK

The underlying macros for the Indian fertilizer industry look promising despite the coronavirus pandemic and macroeconomic uncertainty. With surplus reservoir levels, forecasts for a good kharif crop and plentiful rainfall this June-September monsoon season, demand for the procurement of fertilizers seems promising. Sales have increased sharply during the first two months of financial year 2020-21 and going forward with the recent proposals under the ‘Aatmanirbhar Bharat’ package pertinent towards the agrarian economy which are focused on boosting the agriculture and allied sector (by strengthening its infrastructure and logistics), demand for fertilizers for the rest of financial year 2020-21 seems sanguine for the industry.

Higher MSP procurement, timely PM-KISAN disbursement, high offtake of seeds and the prioritization of agriculture and businesses involved in the food chain by the Indian government will support the demand/sales of fertilizers going forward. The area under cultivation has risen due to the timely arrival and progress of the monsoons. Decontrolled fertilizer production and usage is also to increase on the back low prices of DAP and SSP and the government’s thrust on improving balanced application of nutrition.

The overall fertilizer production is expected to grow by 3-4% by the end of financial year 2020-21. We expect production to increase in the coming months on the back of restocking activities undertaken by fertilizer manufacturers. Softening of raw material prices too will aid in spurring production.

## RISK AND CONCERNS

The major risk and concerns of your Company are as under:

1. Imbalance use of fertilizers
2. Skewed pattern of fertilizer use
3. Inadequate use of secondary and micro nutrients
4. Deterioration in soil health
5. Decline in fertilizer use efficiency
6. Higher dependence on subsidy. Delay in receipt of subsidy leads to higher interest cost.
7. Low operating margin due to tight regulations.
8. Strict Energy norms for all the plants under New Urea Policy(NU 2015).
9. New challenges faced by the Industry due to COVID 19 Pandemic

## INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has a well-defined Internal Control System that is adequate and commensurate with the size and nature of its business comprising Internal Auditors, which conducts internal audit of various operational and financial matters on on-going basis. M/s Bandyopadhyaya Bhaumik & Co. & M/s. Amit Ray & Co., Internal Auditors have been appointed as Internal Auditors of the Company for the year 2019-20. In house Internal Audit Department is headed by Senior Executive having adequate number of financial and technical personnel. The recommendations and observations of the Internal Auditors are reviewed regularly by the Audit Committee constituted by the Board of Directors. As required by the Companies Act, 2013, the Audit Committee has formulated the Scope, Functioning, Periodicity and Methodology for conducting the Internal Audit and informed to the Board of Directors. The adequacy & operational effectiveness of Internal Financial Controls over Financial Reporting has been reviewed by the Audit Committee. The performance of the Company is regularly monitored by the Board of Directors.

The Company has an effective budgetary control mechanism in place to take care of the detailed capex and operational budget. Appropriate monitoring mechanism to compare the actual performance with the budget ensures that necessary review is periodically undertaken.

## SEGMENT – WISE PERFORMANCE

The segment wise performance of the Company was as under:

### Fertilizer

Your Company produces fertilizers such as Urea (Nitrogenous Fertilizer) at both Trombay and Thal Units, and Suphala

15:15:15 (NPK Fertilizer), Biola (Bio fertilizers), Microla (micronutrient fertilizer) and Sujala (100% water soluble fertilizer) etc. at its Trombay unit.

During the year, your Company has produced 23.48 LMT of Urea compared to 23.75 LMT produced during the previous year. Your Company has also produced 5.71 LMT of Suphala 15:15:15 as compared to 5.61 LMT produced during the previous year. In terms of Nutrients, your Company has produced 11.66 LMT of “N”, 0.86 LMT of “P<sub>2</sub>O<sub>5</sub>” and 0.86 LMT of “K<sub>2</sub>O” as compared to 11.77 LMT of “N”, 0.84 LMT of “P<sub>2</sub>O<sub>5</sub>” and 0.84 LMT of “K<sub>2</sub>O” respectively during the previous year.

In addition to above, your Company has produced 106.20 KL of Biola, 237.98 KL of Microla and 3956 MT of Sujala as compared to 73.14 KL of Biola, 264.55 KL of Microla and 3600 MT of Sujala respectively during the previous year. During 2019-20, your Company has added customised fertilizers such as Soluble Silicon Fertilizer, Organic Growth Stimulant and water pH balancer to its product basket. During the year, your Company has produced 2.15 KL of Soluble Silicon Fertilizer, 2.97 KL of Organic Growth Stimulant and 5.22 KL of Water pH balancer.

### Industrial Products

Your Company produces industrial chemicals at its both units. During the year, your Company produced approx. 1.71 lakh MT of various major industrial chemical products as against approx. 2.27 lakh MT during the previous year. Your Company produces, amongst others, Conc. Nitric Acid, Sodium Nitrate / Nitrite, Methylamines, Dimethyl Formamide, Formic Acid, Argon, AN Melt etc.

### PRICING POLICY

#### Urea:

In case of urea, the farm-gate price is notified by the Government from time to time, so also the dealer's margins are indicated. The concessions to the units are given under various policies from time to time. Effective from 1st June 2015, Urea is governed by New Urea Policy 2015 (NUP 2015) under which units are divided into three groups based on preset energy norms. As per NUP 2015, energy norms have been tightened focusing on energy reduction being achieved by Urea units and further tightened from April 1, 2018 in respect of its Thal unit. As regards Trombay it is expected to be tightened from April 1, 2020, however Company has represented to the Ministry for further extension. The existing energy norms of Trombay Unit have been extended for a period of six months i.e. till September 2020 with enhance penalty of 10 % against existing penalty of 5%. For production beyond the Re-assessed capacity (RAC) i.e. 100% of capacity, the unit will be entitled for the respective variable

cost and uniform Per MT incentive equal to the lowest of Per MT fixed cost of all the indigenous Urea units subject to maximum of import parity price (IPP) plus weighted average of other incidental charges which the Government incurs on imported urea.

To address the issue relating to availability and pricing of gas for Urea sector, Government of India has announced Pooling of Gas in Fertilizer (Urea) Sector, effective from 1st June 2015 wherein all Urea manufacturers are entitled to gas for Urea production at the weighted averaged pooled price of Domestic gas and Imported RLNG. This has encouraged Urea units to operate at full capacity during the year in sync with the Government policy of “Make of India”.

Consequent to Notification No.12012/3/2010-FPP dated March 30, 2020 issued by DoF for determination of fixed cost for urea units, company has recognized subsidy on account of revision in fixed cost as per modified NPS-III during the year.

The year witnessed a steep increase in the pool price of Gas for Urea. Though IPP of Urea also increased, it was not proportional to the increase in the cost of gas. Compensation for production beyond BRAC was not increased suitably by increasing the component of other incidental charges (Central Government levies) impacting economics of the said production.

The current low price of imported Urea and surging pooled gas prices has created a situation where production of Urea beyond Reassessed capacity has impacted profitability during 2019-20.

#### P&K fertilizers:

P&K fertilizers are covered under Nutrient Based Subsidy (NBS) scheme. Under the NBS, the subsidy rates for nutrients ‘N’, ‘P’ ‘K’ and ‘S’ are notified by the Government on an annual basis. Selling prices are determined by the Company depending on costs of production, seasonal conditions, demand in field, competitors’ pricing, etc.

In addition to NBS, units are also entitled for compensation towards freight expenses based on uniform freight policy. Further the issue of gas allocation and retrospective recovery towards use of cheap Domestic gas for manufacture of P&K fertilizers and chemicals remains unresolved. The said matter has been referred to an Inter-Ministerial Committee for resolution. Company has represented that such action is discriminatory in nature and not in the spirit of the policy and expects a favourable response. Consequent to Gas Pooling being made applicable to Urea, Company has also sought that pooled price be made applicable even to its non-urea operations for the year 2015-16. From May, 2016, the Company has been using market determined RLNG for non-urea operations.



### Direct Benefit Subsidy (DBT):

Effective from February, 2018, settlement of subsidy under DBT has been rolled out on Pan- India basis. While DBT based subsidy is certainly contributing to rationalisation of subsidy bill of Government of India and also enable in targeted disbursement of subsidy, however since availability of stocks all over the year needs to be ensured this is straining the working capital of fertilizer companies as erstwhile they were being compensated based on receipted despatches. Further DBT subsidy settlement has been delayed due to exhaustion of Government Budget allocated towards Fertilizer Subsidy leading to higher Working Capital and increased finance costs.

### Impact of Government policies on IPD marketing

Government policy on pricing and prioritizing allocation of domestic gas may severely affect production and sale of domestic units manufacturing fertilizers and chemicals.

Free Trade Agreement with other nations may result in lowering of the existing duty structure, thus encouraging cheaper imports which in turn can affect sale of domestic manufacturers like RCF.

Government has liberalized import of chemicals to meet the ever increasing consumption level of chemicals in almost all sectors of the economy. International manufacturers, apart from cheaper energy sources, are having huge production capacities thus benefiting from the economies of scale, making available their products at cheaper rate compared to domestic manufacturers. This has put strain on the margins of domestic manufacturers producing products viz. Ammonia, ABC, DMAc etc. As a result, our producing plants like Methylamines & Methanol at Trombay and DMAc at Thal are under shut down due to economic un-viability.

### DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

#### Review of the financial performance

During the year, your Company achieved Revenue from Operations of ₹ 9697.95 crore as against ₹ 8885.47 crore in previous year (PY). Despite considering revision in fixed cost as per modified NPS-III w.e.f. April 2, 2014 during the year under subsidy income and higher sales & margins of Complex Fertilizers and traded products, Profit Before Tax (PBT) during the year, stood at ₹ 202.93 crore as against ₹ 235.25 Crore due to provision towards exceptional items of ₹ 100.17 crore on account of downward revaluation of transferrable development rights and increase in finance cost. Profit after Tax (PAT) stood at ₹208.15 crore as against ₹139.17 Crore as your Company exercised its option to pay Income-Tax at lower rate as per Finance Act Amendment Bill 2019 – Income Tax Section 115BBA.

Your Company achieved sales volume of 33.01 lakh MT during 2019-20 as compared to 30.49 lakh MT during the previous year. The total sale of manufactured fertilizers during 2019-20 was 29.65 lakh MT as against 29.15 lakh MT during the previous year. Sales of manufactured fertilizers registered moderate increase of 1.72% over previous year. During the year, your Company has achieved highest ever sale of 6.08 lakh MT of Suphala 15:15:15 and 0.403 lakh of City Compost.

Your Company produced 29.19 lakh MT of fertilizers (23.48 lakh MT of Urea & 5.71 lakh MT of Suphala 15:15:15) during the year as against 29.36 lakh MT of fertilizers (23.75 lakh MT of Urea & 5.61 lakh MT of Suphala 15:15:15) produced during the previous year.

### Energy Consumption

The energy consumption achieved during the year ended March 31, 2020 as compared to the year ending March 31, 2019 is given below:

Plant	(In GCal/MT)	
	For the year 2019-20	For the year 2018-19
Ammonia Trombay-V	9.277	8.882
Ammonia Thal	8.512	8.177
Urea Thal (Total)	5.987	5.660
Urea Trombay	7.117	6.937

Energy efficiencies at both units were lower as compared to previous year owing to planned and unplanned shutdowns.

### MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

#### Training And Development

One of the strengths of your Company lies in its skilled and professional manpower. This could be achieved by adopting good HR policies and undertaking training and development of all employees. Training imparted includes enhancing general management skills of the employees in various functions viz. Marketing, Finance, Commercial and Health Services.

Your organization is a learning organization that has created a culture which encourages and supports continuous employees learning and value employee's contributions.

As an initiative towards overall development, all women employees were covered under "Work Life Balance" program and five "Leadership Development" programs were conducted for women executives.

Your Company has been identified as one of the Centres of Excellence in India by Ministry of External Affairs. Under the stream, 'Agriculture, Food and Fertilizers' and 'Urban Planning', yours is the only PSU registered to conduct the

Certificate Course in Sewage Treatment Process, Certificate Course in Fertilizer Technology and Certificate Course in Fertilizer Quality Control for the International Participants from Developing Countries.

As a part of our expertise sharing initiative, HRD department has conducted 'Short Term Training Program' for engineering college students and also provided Hands on training on ERP to the College Students HR students pursuing their Master in Management Studies which enables them to exploit the powers of ERP in their domain from day one of their career in the Corporate World.

HRD vision is towards continuous development by adapting to changes. There is one important initiative towards upgradation of knowledge which your organization has adopted is E-learning through comprehensive learning management systems.

To reach out maximum number of employees HRD has started 'HRD Aapke Dwar' by conducting programme for technical and soft skills upgradation at workplace and Marketing Area Offices.

### **Industrial Relations**

Your Company maintained cordial and harmonious Industrial Relations with all its employees. All the issues are settled amicably through regular discussions, meetings and dialogues with the employees. There was no occurrence of any untoward incident during the year.

Your Company has 3021 employees comprising 1483 Officers and 1538 non-officers, as on March 31, 2020 compared to 3112 employees (1500 officers and 1612 non-officers) as on the corresponding date of the previous year.

During the year, 191 employees of various streams have joined your Company.

Your Company has undertaken "Swachh Bharat Abhiyan" in various plants, Hospital, School, RCF Co-operative Credit Society, RCF Township etc.

Retiring employees are felicitated every month and feedback review meetings are also conducted by inviting the family members of the superannuating employees.

Your Company has conducted medical check up for employees.

### **Mathadi Contract Labour Management**

Management strongly believes in continuous dialogues and meetings with Unions of Contract Labours. Mutual Trust & Transparency are the key-factors in co-ordinal Industrial relations.

We adhere to all relevant statutory requirements and abides by all applicable laws to contract labour. We work towards ensuring safe working conditions and fair wages to all including contract labour employed with Contractors of RCF.

### **GRIEVANCE REDRESSAL**

A system of Grievance Redressal Mechanism is functioning through Welfare Guidance Centre. Designated Plant Coordinators & Welfare Officers for the purpose of prompt redressal of Employees Grievances act in a proactive manner. There is a 'three tier system' in existence through which the employees' grievances are sorted out. It helps in achieving the objective of Employees' Satisfaction Enhancement within guidelines and also develop Trust/confidence in the system and department. Also SC/ST and PWBD employees have special Grievance Redressal System as per Statutory requirement.

### **WELFARE AND SPORTS**

Your company is one of the few companies who takes a lot of care of its employees not only at working place, but extends its relation beyond working place with the families of employees, by organizing various programmes like Annual Day, Family Day out, Women's Day etc.

Annual Sports were organized for employees and their family members in the month of January, 2020.

Summer Camps were organized in the month of May, 2019 for various sports for the children of the employees.

### **EMPLOYMENT OPPORTUNITY TO WEAKER SECTION**

The guidelines in respect of reservation in recruitment and promotion of SC/ST, OBC, Ex-servicemen and Persons with Disabilities are followed by your Company. As on March 31, 2020, your Company has on its rolls, 448 employees belonging to Scheduled Caste, 222 belonging to Scheduled Tribe and 457 Other Backward Classes.

Your Company is committed to the welfare of the backward classes in general and SC/ST employees in particular. Regular meetings are held with SC/ST Employees Welfare Association to address grievances, if any, and for providing guidance for development.

Your Company has extended Scholarship /Financial Assistance for Education facilities and development of SC/ST students in Drought prone areas of Maharashtra. Your Company has given financial assistance of ₹ 10,000/- each to 110 students in drought prone districts who are from 6<sup>th</sup> Standard to 10<sup>th</sup> Standards. The scheme will cover the expenses for Text Books /Note Books, Medical, school kit etc.

Your Company has celebrated 128<sup>th</sup> Birth Anniversary of Dr. Babasaheb Ambedkar in both Buddha Vihar, Chembur and Thal, Alibag, Kurul Colony.

Medical Camp was organized like every year at Chaitya Bhoomi, Dadar on December 6, 2019 on the occasion of 'Mahaparinirvan Day'. Financial assistance for distribution of food packets and making arrangement for medical camp including medicines along with the vehicles and Doctors was made available by the Company on this occasion.

## WOMEN ORIENTED PROGRAMME INITIATIVES

As per the directions of the Ministry, RCF WIPS (Women in Public Sector) CELL is formed in your Company which caters to the needs of female employees and meets on Quarterly basis to discuss the issues/initiatives like programme on mentoring, welfare measures like starting the crèche facility, procuring sanitary napkin's vending machine etc. Recommendations of the cell duly considered for implementation of the Management.

2 nos. of Vending Machines of Sanitary napkins along with Incinerators have been procured for the female employees at Trombay. A half day workshop on 'Women Health & Hygiene' was organized for Women in different age

categories by inviting a Gynaecologist along with briefing about usage of Sanitary Napkin vending machines wherein Contract Women Workers also attended this programme. Self-Defense programme for our Trainees was also conducted.

Your Company has also framed its own 'Gender Equality Policy'. With an objective to create awareness amongst all the employees about Gender equality in your organization, E- Learning Module on Gender Sensitization has been launched on RCF Intranet and On- Line Gender Sensitization Programme for Dy. Managers. Laminated copies of Gender Equality Policy and Zero Tolerance to Sexual Harassment policy are displayed in the offices of GMs and above level. The Crèche facilities started for Women Employees at Trombay are now extended that of to Male Employees.

## DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

Sr. No.	Particulars	2019-20	2018-19 (regrouped)	% Change	Reasons
1	Debtors Turnover (Days)	171.29	187.01	-8.40	Decrease in Sundry Debtors
2	Inventory Turnover	12.11	38.00	-68.13	Decrease in Trading Inventory
3	Interest Coverage Ratio	2.99	3.36	-11.01	Increase in Loans due to Capex / Working capital and firming of interest rates
4	Current Ratio	1.24	1.34	-7.34	Increase in other receivable
5	Debt Equity Ratio (Long Term Borrowings incl Current Maturities)	0.23	0.19	23.33	Long term loans taken for meeting capex
6	Operating Profit Margin (%)	5.58	4.14	34.80	1. Accounting of subsidy due to revision in fixed cost as per MNPS III, Better volumes & margins of Complex Fertilizer & Traded products despite exceptional loss on account of downward revaluation of transferrable development rights. 2. Availing option to pay Income-Tax at lower rate as per Finance Act Amendment Bill 2019 - Income Tax Section 115BBA improved Profit after Tax.
7	Net Profit Margin (%)	2.15	1.57	37.03	
8	Change in return on Net Worth	6.53	4.59	42.45	

Ratio at 3 = EBIDTA / FINANCE COSTS

Ratio at 6 have been calculated excluding exceptional item (expense) of ₹ 100.17 crore for 2019-20 (₹ 23.44 crore income in 2018-19).

## DISCLOSURE OF ACCOUNTING TREATMENT

The financial statement for the year ended March 31, 2020 are prepared in compliance with IND AS as prescribed under section 133 of the Companies Act, 2103 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

## CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis

Report describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' and actual results may or may not be in accordance therewith. The Company's performance is dependent on several external factors such as performance of monsoon, significant changes in economic environment, Government Policies, fluctuations in prices of raw material and finished products and also their availability, etc., which could adversely affect the operations of your Company.

## Annexure III

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

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

To,  
The Members,  
**Rashtriya Chemicals and Fertilizers Limited**  
CIN: L24110MH1978GOI020185

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

Based on our verification of the Company’s books, papers, 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 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 March 31, 2020 according to the provisions of:

- i. The Companies Act, 2013 (The Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of External Commercial Borrowings. The Company does not have any Foreign Direct Investment and Overseas Direct Investment during the financial year.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 # ;
- d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014#;
- 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#; and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018#;

# The Regulations or Guidelines, as the case may be were not applicable for the period under review.

The list of Acts, Laws and Regulations specifically applicable to the Company are given below:

- vi. Guidelines on Corporate Governance for Central Public Sector Enterprise (CPSEs) 2010; and
- vii. The Fertilizer (Control) Order, 1985.

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India; and
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“Listing Regulations”].

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

- a) The Board of Directors comprises of eight Directors, constituting of four Executive Directors (including the Chairman & Managing Director); two Nominee Directors (non-executive) and two Independent Directors. As per Section 149(4) of the Act, at least one-third of the total number of directors should be independent directors and Regulation 17(1) of the Listing Regulations and DPE Guidelines on Corporate Governance for Central Public Sector Enterprises, the Chairman being an Executive Director, at least half of the board of Directors should be comprised of Independent Directors. Thus, the Company does not have the requisite number of Independent Directors including independent Woman Director on its Board.
- b) Nomination and Remuneration committee (“NRC”) is comprises of three Directors, constituting two non-executive Directors including one Independent Director and one Executive Director as on March 31, 2020. Due to retirement of one Independent Director w.e.f. March 7, 2020, the Company does not have requisite number of Independent Director in its NRC committee as on March 31, 2020 as required under section 178(1) of the Act and Reg. 19(1) of the Listing Regulations.
- c) Corporate Social Responsibility Committee (“CSR committee”) is comprises of two Directors, constituting one non-executive Director and one executive Director as on March 31, 2020. Due to retirement of one Independent Director w.e.f. March 7, 2020, the Company does not have requisite number of Independent Director in its CSR committee as on March 31, 2020 as required under Section 135(1) of the Act.

**We further report that -**

Subject to foregoing, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. Further 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 was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, 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.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

**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, the Company has obtained Member’s approval at the 41st Annual General Meeting held on September 24, 2019 pursuant to the provisions of Section 42, 71 and other applicable provisions of the Companies Act, to offer or invite subscriptions for secured non-convertible debentures (NCDs), in one or more series/tranches, aggregating upto ₹ 1,000 Crore on Private Placement.

For **Bhandari & Associates**  
Company Secretaries

**S. N. Bhandari**  
Partner  
FCS No: 761; C P No. : 366  
UDIN F000761B000524515

Mumbai | July 29, 2020

This report is to be read with our letter of even date which is annexed as Annexure ‘A’ and forms an integral part of this report.

**‘Annexure A’**

To

The Members,  
**RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED**  
CIN: L24110MH1978GOI020185

Our Secretarial Audit Report for the Financial Year ended on March 31, 2020 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and 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.

For **Bhandari & Associates**  
Company Secretaries

**S. N. Bhandari**  
Partner  
FCS No: 761; C P No. : 366  
UDIN F000761B000524515

Mumbai | July 29, 2020

## ANNEXURE IV

# 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

Your Company has taken several steps during the year 2019-20 which has resulted in significant reduction in the energy consumption.

#### (i) STEPS TAKEN FOR CONSERVATION OF ENERGY

##### TROMBAY UNIT

##### ➤ Ammonia-V Plant

- SGC turbine & compressor overhauling
- CO2 turbine replacement & retrofitting of compressor
- Replacement of LTG catalyst
- Ejector header leakage job in CO2 removal section.
- Dry Ice cleaning of coils in convection zone of Primary Reformer
- Steam traps (60) replacement
- E509A/B condenser cooler hydro jet cleaning & ARC turbine washing.
- Vanadation of Benfield system without process gas
- Supply of CO2 to ABC and AN Melt Plant directly from CO2 Compressor
- Retrofit of conventional Metal Halide fitting (70W) with LED (45W) – 150 nos.

##### ➤ ANP Plant

- One of three CCT pump was replaced with lower capacity pump from 1300 m3 (281 KW H.T.motor) to 500 m3 (160 KW L.T. Motor) as per process requirement.
- AN concentration unit vacuum pump was given the provision of VFD.

##### ➤ Urea Plant

- Substation 8-9 load redistributed for electrical energy saving.

##### ➤ Electrical Workshop/EES

- Optimization of Contract Demand (CD) for getting better Load Factor (LF) incentive in monthly electricity bill.
- Maintaining Power Factor (PF) close to unity to get PF incentives in monthly electricity bill
- Sale of REC for the units generated from 2 MWp solar plant installed at STP plant

##### ➤ SAP-CAN

- Descaling/cleaning of melter/clean tank & dirty tank for proper heat transfer & reduce steam consumption in melter

##### ➤ Nitric Acid Group of Plants

- PAC Main Lube oil pump motor was replaced with new energy efficient motor in MPNA Plant.
- Cooling Tower fan blades of two fans replaced with new blades improved design in MPNA Plant.

##### THAL UNIT

##### ➤ WTP Plant

- Use of energy efficient motor in WTP plant (DM-1, Thermax) for DM water pump

##### ➤ Urea Plant

- Replacement of Ammonia Pump (P-1) Torque converters with VFD in Urea plant

##### ➤ Formic Acid

- Stopping of Methyl Formate circulation pump (G-108)

##### ➤ EES

- Replacement of old electrical items (Tubes, tube fittings, well glass fittings, street lights, highbay fittings, ACs etc.) with energy efficient equipment

##### ➤ OTHERS

- Shifting of level control valve of condensate tank (LCV-204) to the downstream of Methanol

preheater (HE-102) to maintain methanol preheater temperature in Methyl amines (Old).

**Additional investment and proposals being implemented for reduction of consumption of energy**

**Ammonia Plant**

Motor driven Ammonia refrigeration compressor (ARC-IV) in Ammonia plant will start functioning from August 2020. It has existing steam driven turbine and compressor (ARC-III) will be stopped resulting into energy saving of 0.05 Gcal/MT of Urea. Cost of project is ₹32.87 Crore.

**Urea Plant**

- Replacement of Ammonia Pump (P-1) Torque converters with VFD in Urea plant for all 9 pumps. Energy saving is expected to be 0.004 Gcal/MT of Urea. Three VFD out of nine were installed in Unit 31. Completion is expected by July 2020.
- Replacement of existing Carbamate ejector (EJ-1) to reactor with high capacity ejector in Urea-11 & 21. Energy saving is expected to be 0.004 Gcal/MT of Urea. Completion is expected by October 2020.

**Gas Turbine at Thal**

Procurement of additional Gas Generator at Gas Turbine at Thal at ₹63.89 Crore. Energy saving is expected to be 0.15 Gcal/MT of Urea.

**(ii) STEPS TAKEN BY THE COMPANY FOR UTILISING ALTERNATE SOURCES OF ENERGY**

**THAL UNIT**

- Total solar plant power generation capacity at RCF Thal is 1780 KWp.
- Installation of 150 KWp solar panel on Administrative Building at Trombay.

**(iii) CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENT**

The Company has made capital investment of ₹104.14 Crore on energy conservation equipment.

**B. TECHNOLOGY ABSORPTION**

**I. Major efforts made towards technology absorption**  
Nil

**II. The benefits derived like product improvement, cost reduction, product development or import substitution**  
Nil

**III. Information regarding imported technology (Imported during last three years)**

Sr. No	Details of Technology Imported	Year of import	Whether the technology has been fully absorbed	If not, area where this has not taken place, reasons thereof
	Nil	Nil	Nil	Nil

**IV. Expenditure incurred on Research and Development**

SI No.	Particulars	Amount (₹ in Crore)
1.	Capital	0.08
2.	Recurring	5.06
3.	Total	5.14
4.	Total R &D expenditure as a percentage of total turnover	0.05%

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

SI No.	Particulars	Amount (₹ in Crore)
i.	Total foreign exchange earned	0.33
ii.	Total foreign exchange used	1412.92



**ANNEXURE V**

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on March 31, 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**

CIN	:	L24110MH1978GOI020185
Registration Date	:	6th March, 1978
Name of the Company	:	Rashtriya Chemicals and Fertilizers Limited
Category/Sub-category of the Company	:	Company Limited by Shares / Union Government Company
Address of the Registered Office and contact details	:	“Priyadarshini”, Eastern Express Highway, Sion, Mumbai- 400 022 Tel.: 022 24045024 • Fax: 022 24045022
Whether Listed Company	:	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Link Intime India Private Limited C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083. Tel: 022 49186000 • Fax:022 49186060

**II. Principal Business Activities of the Company**

All the business activities contributing 10% or more of the total turnover of the Company:

Sl. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Urea	20121	66.62
2.	Complex Fertilizers	20122	16.18

**III. Particulars of Holding, Subsidiary and Associates Companies**

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associates	% of shares held	Applicable Section
1.	Urvarak Videsh Limited Scope Complex, Core-III, 7 Institutional Area, Lodhi Road New Delhi 110003.	U24120DL2008GOI181057	Associate	33.33	2(6)
2.	FACT- RCF Building Products Limited FACT Cochin Division Campus Ambalamedu, Kochi, Keral 682303.	U26992KL2008PLC022347	Associate	50.00	2(6)
3.	Talcher Fertilizers Limited Plot 2/H, Kalpana Area, BJB Nagar, Khordha, Bhubaneswar – 751014	U24120OR2015PLC019575	Associate	33.32	2(6)

**IV. Shareholding Pattern (Equity Share Capital Break up as percentage of Total Equity)**

**i) CATEGORY-WISE SHAREHOLDING**

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2019)				No. of Shares held at the end of the year (As on March 31, 2020)				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>(A) Promoters</b>	-	-	-	-	-	-	-	-	-
<b>(1) Indian</b>									
(a) Individuals / HUF	-	-	-	-	-	-	-	-	-
(b) Central Govt.	413769483	-	413769483	75.00	413769483	-	413769483	75.00	-
(c) State Govt.	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	-	-	-	-	-	-	-	-	-
(e) Banks/FI	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub Total (A)(1)</b>	<b>413769483</b>	<b>-</b>	<b>441353888</b>	<b>75.00</b>	<b>413769483</b>	<b>-</b>	<b>413769483</b>	<b>75.00</b>	<b>-</b>
<b>(2) Foreign</b>	-	-	-	-	-	-	-	-	-
(a) NRs-Individuals	-	-	-	-	-	-	-	-	-
(b) Other –Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks/FI	-	-	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoter(A) = (A)(1) +(A)(2)</b>	<b>413769483</b>	<b>-</b>	<b>441353888</b>	<b>75.00</b>	<b>413769483</b>	<b>-</b>	<b>413769483</b>	<b>75.00</b>	<b>-</b>
<b>(B) Public Shareholding</b>									
<b>(1) Institutions</b>									
(a) Mutual Funds	84	4900	4984	-	13095	4900	17995	0.01	0.01
(b) Banks/FI	13283596	-	13283596	2.40	13433353	-	13433353	2.42	0.02
(c) Central Govt.	-	-	-	-	-	-	-	-	-
(d) State Govt(s).	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	6054475	-	6054475	1.10	6054475	-	6054475	1.10	-
(g) FIIs/ Foreign Portfolio Investor	7146033	-	7146033	1.30	6766362	-	6766362	1.23	-0.07
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others(Specify)									
UTI	-	2400	2400	-	-	-	-	-	-
<b>Sub Total (B)(1)</b>	<b>26484188</b>	<b>7300</b>	<b>26491488</b>	<b>4.80</b>	<b>26267285</b>	<b>4900</b>	<b>26272185</b>	<b>4.76</b>	<b>-0.04</b>
<b>(2) Central Government/ State Government(s)/ President of India</b>									
<b>Sub total (B) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2019)				No. of Shares held at the end of the year (As on March 31, 2020)				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>(3) Non-Institutions</b>									
(a) Bodies Corporate									
(i) Indian	10632097	8400	10640497	1.93	9834639	8400	9843039	1.79	-0.14
(ii) Overseas	-	500	500	0.00	-	-	-	0.00	0.00
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh.	67728506	87567	67816073	12.29	71147746	81490	71229236	12.91	0.62
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	20784101	110800	20894901	3.79	20584313	110800	20695113	3.75	-0.04
(c) Others(Specify)									
Non Resident Indians (Repat)	1984900	827100	2812000	0.51	1992633	827100	2819733	0.51	-
Non Resident Indians (Non Repat)	698039	-	698039	0.13	594227	-	594227	0.11	-0.02
Foreign Nationals	600	-	600	-	500	-	500	0.00	-
Hindu Undivided Family	5940858	-	5940858	1.08	5247529	-	5247529	0.95	-0.13
Clearing Member	2354698	-	2354698	0.43	1044991	-	1044991	0.19	-0.24
Trusts	49100	-	49100	-	36100	-	36100	-	-
Trust Employee	3000	-	3000	-	13500	-	13500	-	-
IEPF	70817	-	70817	0.01	121077	-	121077	0.03	0.02
NBFCs registered with RBI	146046	-	146046	0.03	1387	-	1387	0.00	-0.03
<b>Sub Total (B)(3)</b>	<b>110392762</b>	<b>1034367</b>	<b>111427129</b>	<b>20.20</b>	<b>110618642</b>	<b>1027790</b>	<b>111646432</b>	<b>20.24</b>	<b>0.04</b>
<b>Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)</b>	<b>136876950</b>	<b>1041667</b>	<b>137918617</b>	<b>25.00</b>	<b>136885927</b>	<b>1032690</b>	<b>137918617</b>	<b>25.00</b>	<b>-</b>
<b>Total (A)+(B)</b>	<b>550646433</b>	<b>1041667</b>	<b>551688100</b>	<b>100.00</b>	<b>550655410</b>	<b>1032690</b>	<b>551688100</b>	<b>100.00</b>	<b>-</b>
<b>(C) Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A)+(B)+(C)</b>	<b>550634575</b>	<b>1041667</b>	<b>551688100</b>	<b>100.00</b>	<b>550655410</b>	<b>1032690</b>	<b>551688100</b>	<b>100.00</b>	<b>0.00</b>

## ii) SHAREHOLDING OF PROMOTERS

Sr. No.	Name of shareholder	No. of Shares held at the beginning of the year (As on April 1, 2019)			No. of Shares held at the end of the year (As on March 31, 2020)			% Change during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	The President of India	413769483	75.00	-	413769483	75.00	-	-
	<b>Total</b>	<b>413769483</b>	<b>75.00</b>	<b>-</b>	<b>413769483</b>	<b>75.00</b>	<b>-</b>	<b>-</b>

## iii) CHANGE IN PROMOTERS' SHAREHOLDING

Sr. No.	Name of the shareholder	Shareholding at the beginning of the year		Date	Increase/Decrease in shareholding	Reason	Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
No Change during the year								

**iv) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS)**

Name of the shareholder	Shareholding at the beginning of the year (01.04.2019)		Shareholding at the end of the year (31.03.2020)	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Life Insurance Corporation of India	1,14,09,167	2.07	1,14,09,167	2.07
The New India Assurance Company Limited	33,03,975	0.60	33,03,975	0.60
Jagdish Amritlal Shah	22,19,000	0.40	22,19,000	0.40
General Insurance Corporation of India	15,00,000	0.27	15,00,000	0.27
Dimensional Emerging Markets Value Fund	19,49,382	0.35	14,60,777	0.26
Emerging Markets Core Equity Portfolio (The Portfolio) Of Dfa Investment Dimensions Group Inc. (Dfaidg)	15,74,929	0.29	13,32,766	0.24
ICICI Bank Limited	6,59,748	0.12	12,25,751	0.22
The Emerging Markets Small Cap Series Of The Dfa Investment Trust Company	8,93,387	0.17	9,77,335	0.18
Bharat Taparia	9,61,597	0.17	9,61,597	0.17
National Insurance Company Limited			8,00,000	0.15
Wisdomtree Emerging Markets Smallcap Dividend Fund			6,81,353	0.12
Lal Tolani			6,60,500	0.12
MV SCIF Mauritius	8,76,412	0.16	5,80,083	0.11

The shares of the Company are substantially held in dematerialized form and are traded on a daily basis and hence, the date wise increase /decrease in shareholding is not indicated.

**v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Sr. No.	Name of the shareholder	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Shri Sudhir D. Panadare	200	-	-	-	-	200	-

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but no due for payment

₹ in Crore

	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal Amount	2992.95	468.76	-	3461.71
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	6.75	0.69	-	7.44
<b>Total (i+ii+iii)</b>	<b>2999.70</b>	<b>469.45</b>	<b>-</b>	<b>3469.15</b>
<b>Change in Indebtedness during the financial year</b>				
(i) Addition	1638.47	2765.31	-	4403.78
(ii) Reduction	2576.80	469.45	-	3046.25
<b>Net Change</b>	<b>(938.33)</b>	<b>2295.86</b>	<b>-</b>	<b>1357.53</b>
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	2058.82	2764.21	-	4823.03
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	2.55	1.11	-	3.66
<b>Total (i+ii+iii)</b>	<b>2061.37</b>	<b>2765.31</b>	<b>-</b>	<b>4826.68</b>



साथ बड़े सामुदाय की ओर

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(in ₹)

Sr. No.	Particulars to Remuneration	Shri S. C. Mudgerikar (from 01.10.2019)	Shri Umesh V. Dhatrak (upto 30.09.2019)	Shri Sudhir D. Panadare	Shri Umesh Dongre	Shri K. U. Thankachen	Total Amount
1	Gross Salary						
a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	21,44,846	77,31,790	39,58,785	37,47,116	36,47,242	212,29,779
b)	Value of perquisites u/s 17(2) Income Tax Act, 1961	96,667	6,26,183	5,96,492	5,65,246	5,51,226	24,35,814
c)	Profits in lieu of salary under section 17(3) Income tax Act, 1961		–	–	–	–	–
2.	Stock Option		–	–	–	–	–
3.	Sweat Equity		–	–	–	–	–
4.	Commission – as % of Profit – others, specify ...		– –	– –	– –	– –	– –
5.	Others i.e. PF, Pension, Leave encashment and medical expenses	2,77,994	6,77,378	5,81,489	4,84,104	4,67,312	24,88,277
	<b>Total (A)</b>	<b>25,19,507</b>	<b>90,35,351</b>	<b>51,36,766</b>	<b>47,96,466</b>	<b>46,65,780</b>	<b>261,53,870</b>
	Ceiling as per the Act	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

### B. Remuneration to other directors

(in ₹)

Sr. No.	Particulars to Remuneration	Shri Harin Pathak (upto 09.06.2019)	Shri G. M. Inamdar (upto 09.06.2019)	Shri Suryanarayana Simhadri (upto 07.03.2020)	Prof. Anil K. Singh	Dr. Shambu Kumar	Total Amount
1	Independent Directors						
	• Fee for attending board /committee meetings	135000	155000	610000	520000	475000	1895000
	• Commission	–	–	–	–	–	–
	• Others, please specify	–	–	–	–	–	–
	<b>Total (A)</b>	<b>135000</b>	<b>155000</b>	<b>610000</b>	<b>520000</b>	<b>475000</b>	<b>1895000</b>
2	Other Non-Executive Directors						
	• Fee for attending board /committee meetings	–	–	–	–	–	–
	• Commission	–	–	–	–	–	–
	• Others, please specify	–	–	–	–	–	–
	<b>Total (2)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
	<b>Total (B)= (1+2)</b>	<b>135000</b>	<b>155000</b>	<b>610000</b>	<b>520000</b>	<b>475000</b>	<b>1895000</b>
	<b>Total Managerial Remuneration(A+B)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>28048870</b>
	Overall Ceiling as per the Act	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

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

(in ₹)

Sr. No.	Particulars to Remuneration	Shri J. B. Sharma, Company Secretary
1	Gross Salary	
a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	2044069
b)	Value of perquisites u/s 17(2) Income Tax Act, 1961	283901
c)	Profits in lieu of salary under section 17(3) Income tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	
	- as % of Profit	-
	- others, specify ...	-
5.	Others i.e. PF, Pension, Leave encashment and medical expenses	271530
	<b>Total</b>	<b>2599500</b>

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

Type	Section of the Companies Act	Brief Description	Details of Penalty / punishment/compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty					
Punishment			Nil		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			Nil		
Compounding					
<b>C. Other officer in Default</b>					
Penalty					
Punishment			Nil		
Compounding					

It may be noted that RCF has received letters from BSE Limited and National Stock Exchange of India Limited informing levy of fines for non-compliance of provisions of Regulation 17 (1) (b) of SEBI (LODR) Regulations i.e. for not having required number of Independent Directors on the Board (considering Chairperson of the Board being Executive Director) for the quarter ended June, 2019, September 2019, December 2019 & March 2020. In this regard the Company has requested the Stock Exchanges for waiver of fine levied, as RCF being a Government Company, the power to appoint Directors (including Independent Directors) and terms and conditions of appointments etc. vests with Government of India and such non-compliance is not due to any negligence/default by the Company.

## BUSINESS RESPONSIBILITY REPORT

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- Corporate Identity Number (CIN) of the Company: L24110MH1978GOI020185.
- Name of the Company: M/s. Rashtriya Chemicals and Fertilizers Limited
- Registered address: “Priyadarshini”, Eastern Express Highway, Sion, Mumbai- 400 022.
- Website: www.rcfltd.com
- E-mail id: investorcommunications@rcfltd.com
- Financial Year reported: April 1, 2019 to March 31, 2020
- Sector(s) that the Company is engaged in (industrial activity code-wise)”

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service
1.	Urea	20121
2.	Complex Fertilizers	20122
3.	Industrial Chemicals	20119

- List three key products/services that the Company manufacturers/provides (as in the balance sheet):
  - Urea;
  - Complex Fertilizers; and
  - Industrial Chemicals
- Total number of locations where business activity is undertaken by the Company
  - Number of International Locations (Provide details of major 5): Nil
  - Number of National Locations:
 

Plant manufacturing facilities	2
Administrative offices	2
  - Regional Offices in India 28
- Markets served by the Company – Local/State/National (PAN) /International

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (INR)	₹ 551.69 Crore
2	Total Turnover (INR)	₹ 9826.60 Crore
3	Total profit after taxes 2019-20 (INR)	₹ 208.15 Crore

4	Total budgeted expenditure on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	CSR spend, as per Section 135 read with Schedule VII of the Companies Act, 2013, is ₹3.42 Crore (i.e. 2.11% of the average profit for last three years)
5	List of activities in which expenditure in above has been incurred	<ol style="list-style-type: none"> <li>Education</li> <li>Promoting health care</li> <li>Sanitation</li> <li>Promoting rural sports</li> <li>Eradicating malnutrition by providing quality food in school</li> <li>Livelihood enhancement project</li> <li>Supply of drinking water to villages</li> </ol>

### SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/Companies?

The Company does not have any subsidiary.

- 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):

Not Applicable

- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? (Less than 30%, 30-60%, More than 60%):

No other entities that the Company does business with, participate in the BR initiatives of the Company.

### SECTION D: BR INFORMATION

- Details of Director/Directors responsible for BR

- Details of the Director/Director responsible for implementation of the BR policy/policies

- DIN Number : 07933191
- Name – Shri Sudhir D. Panadare
- Designation –Director (Technical)
- Details of the BR head

S.No.	Particulars	Details
1.	DIN Number (if applicable)	08716260
2.	Name	Shri Milind M. Deo
3.	Designation	ED (P & PD)
4.	Telephone number	022 2552 3071
5.	e-mail id	mmdeo@rcfld.com

**2. Principle-wise (as per NVGs) BR Policy/policies**

**The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as under:**

- P1 Businesses 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

**a. Details of compliance (Reply in Y/N)**

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy/policies for ....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		RCF being Public Sector Enterprise is governed by policies, circulars, guidelines, procedures issued by the Government of India. The policies have been formulated after wide consultations and discussions amongst all the relevant stakeholders. In the dynamic business environment, RCF reviews its business policies and practices from time to time.								
3.	Does the policy conform to any national/international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
		RCF's Business Responsibility Policy is based on National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business as released by Ministry of Corporate Affairs, Government of India								
4.	Has the policy being approved by the Board?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	If yes, has it been signed by MD/owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
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
6.	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The following policies relevant to external stakeholders are hosted on RCF website- www.rcfld.com, under heading: About us, sub heading : Policies a. Code of Conduct for Board Members and Senior Management Personnel								



Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
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?									

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

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

### 3. Governance related to BR

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

Various principles of BR performance constitute an integral part of the day to day operations of the Company and the same are reviewed by the Board/Committees of the Board as and when required.

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

Your Company publishes Business Responsibility Report for the financial year 2019-20. Business Responsibility Report forms a part of this Annual Report.

## SECTION E – PRINCIPLE WISE PERFORMANCE

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

1. **Does the policy relating to ethics, bribery and corruption cover only the company?**

Yes

**Does it extend to the Group/ Joint Ventures/ Suppliers / Contractors / NGOs/ Others?**

RCF's Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others are separate legal entities having their own policies and procedure. Hence these companies are not covered by RCF's Policy on ethics, bribery, corruption, human rights etc.

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

The details of complaints received from various stakeholders during the financial year 2019-20:

Stakeholder	No. of Complaint received	No. of Complaint resolved	% Resolved
Shareholder's Complaints	2	2	100
Customers/Consumers	16	16	100
Related to services, tenders and through Public Grievance Redressal	30	30	100
Vigilance	54	51	96.44
RTI	139	129	92.81
Workers Grievance	11	11	100.00

### Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle;

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

The following products are effective Research & Development efforts of the Company which enhances crop-yield, quality and resistance against crop diseases and are environment friendly:

- Neem Urea
- Suphala 15:15:15
- Sujala 19:19:19,
- Biola,
- Microla

Prior to the market introduction Safety, Health and Environment, (SHE) & security risks related to the life cycle of the products are identified and there is a risk management system to handle any risks. Reviews with respect to Safety and Environment are conducted for replacement of certain input raw materials, coatings and risks are evaluated before introduction of product in the market. Fertilizer product related SHE information is provided to all customers/farmers.

All contamination risks have been identified and measures exist to control risk during transportation, handling & storages of raw material & fertilizers. Measures exist to prevent all potential environment emissions and spills during transportation, handling & storages of raw materials, fertilizers and chemicals.

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

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

At Trombay Unit, Nitrogen efficiency of Urea Plant improved to 95.95% during current year as compared to 95.86% during last year. Nitrogen efficiency of Suphala Plant improved to 94.56% during current year as compared to 94.53% during last year. Also, Phosphate (P2O5) efficiency of Suphala Plant improved to 98.09% during current year as compared to 97.97% during last year.

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

Farmers in almost all the states purchase fertilizers for agriculture. The reduction in energy and water due to total consumption of fertilizers of company is not readily available, due to its widespread consumption in almost all states. However, during 2019-20 company had undertaken Method/Product demonstration of 286 agriculture plots for use of company fertilizers in Vegetables, Sugar cane, Cotton & Fruit crops etc. In case of use of drip irrigation methods in these plots, the water consumption reduced to approximately 50% with enhanced yield of crops.

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

The Company has procedures in place for sustainable sourcing of raw material, fertilizers & chemicals transportation.

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

All bulk raw materials namely Rock Phosphate, Sulphur, Potash, DAP used as input for manufacturing fertilizers & chemicals are transported by handling and transportation contractors. A procedure exists for safe transportation and handling of bulk raw materials. The contractor's safety, health, environment and security performance evaluation is carried out during contractor selection process. A system is in place to systematically train every transport contract employee, drivers and sub-contractors with respect to relevant transport, handling and site hazards.

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

Company has taken services of local Mathadi labours through Mathadi Board for bagging of fertilizers, loading fertilizer bags in truck and wagons. Company has taken services of local contract employees for annual maintenance jobs, house-keeping jobs, and canteen services. Procurement of items required for plant / machinery is also done from local MSME suppliers.

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

Periodical trainings are conducted for all the contractual labourers, Mathadi labourers to address

their SHE related issues and to improve their work performance.

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

Yes, Company has mechanism and facility to recycle its product in case it is damaged during storages/handling. Company effectively works on business sustainability by implementing "reduce, recycle and reuse" concept. During the year, entire damaged/contaminated, swept Suphala fertilizer was recycled in the plant. 100% of swept urea generated in Urea Bagging plants which is collected from floor & equipment cleaning is recycled back. Most of our hazardous waste viz; spent catalyst & used/waste oil is recycled and sent to CPCB/ MPCB approved recyclers. The sludge from Effluent Treatment plant is recycled in fertilizer plant. The Sulphur sludge generated in Sulphuric acid plant is used as filler in Suphala manufacturing.

**Principle 3: Businesses should promote the wellbeing of all employees –**

**1. Please indicate the total number of employees:**

The total number of employees as on 31.03.2020 are 3021.

**2. Please indicate the Total number of employees hired on temporary/ contractual/ casual basis:**

The total number of employees hired on temporary/ contractual/ casual basis as on 31.03.2020 is 787.

**3. Please indicate the Number of permanent women employees:**

The total number of permanent women employees as on 31.03.2020 is 212.

**4. Please indicate the Number of permanent employees with disabilities:**

The total number of employees with disabilities as on 31.03.2020 is 37.

**5. Do you have an employee association that is recognized by management?**

There are 3 registered Trade Unions which are representing workers i.e RCF Employees Union, RCF Karmachari Sena & RCF Karmachari Sangh. RCF Employees Union has the majority members as per the Check off system. Further RCF Officers Association represents the officers of the Company.

**6. What percentage of your permanent employees is members of this recognized employee association?**

Around 34.45 % of Unionised Category employees are members of Recognised Union i.e. RCF Employees Union.

**7. Please indicate the 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.**

S. 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

**8. What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?**

Sr. No.		Total Employees	Employees Trained		% Employees Trained	
			Safety	Skill Upgradation	Safety	Skill Upgradation
1	Permanent Employees	3021	1461	3421	48.36	113.24
2	Permanent Women Employees	212	51	417	24.06	196.70
3	Casual/ Temporary/ Contractual Employees	787	1105	423	140.61	53.75
4	Employees with Disabilities	37	6	46	16.22	124.32

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

**1. Has the company mapped its internal and external stakeholders? Yes/No**

Yes. Over the years of Company's existence, the Company has mapped its internal (like employees & Shareholders) and external stakeholders (such as communities and customers etc.).

**2. Out of the above, has the company identified the disadvantaged, vulnerable and marginalized stakeholders?**

Yes, the Company has identified its disadvantaged, vulnerable & marginalized stakeholders.

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details of thereof, in about 50 words or so.**

Yes, special initiatives are taken up under Corporate Social Responsibility for up- liftment of disadvantages, vulnerable and marginalized sections of the society. The details of such activities are available on the website. RCF scrupulously follows the Presidential Directives and guidelines issued by Government of India regarding reservation in services for SC/ST/OBC/PWD (persons with disabilities)/ Ex-servicemen to promote inclusive growth.

**Principle 5: Businesses should respect and promote human rights**

**1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/Others?**

The Company follows the principles of human rights as enshrined in the Universal Declarations of Human Rights of the United Nations and all our human resources policies and understanding with the Trade Unions are based on those principles. All our policies in this regard directly or indirectly adhere to the principle of respect of human rights.

RCF's Joint Ventures/ Suppliers/Contractors/NGOs/ Others are separate legal entities having their own policies and procedure. Hence, none of these companies are covered by RCF Policy on human rights etc.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

We have not received any complaints with respect to human right violations.

**Principle 6: Business should respect, protect, and make efforts to restore the environment;**

RCF is committed to ensuring clean environment beyond satisfying all stipulated requirement laid down by the statutory authorities and in the process constantly working towards making a workplace safer for its employees and the community in general.

**1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/ Contractors/ NGOs/ others.**

The Policy of Health, Safety and Environment covers the Company. By implementing protect & sustain stewardship purpose of IFA the policy covers suppliers, contractors, NGO's & Farmers.

**2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

Your Company publishes Business Responsibility Report for the financial year 2019-20. Business Responsibility Report forms a part of this Annual Report.

**3. Does the company identify and assess potential environmental risks? Y/N**

Yes. Company identifies and assesses potential environment risks in existing plants & proposed project by conducting PSM audit, ISO audit, HSE index audit.

**4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, if about 50 words or so. Also if yes, whether any environmental compliance report is filed?**

At present efforts are maintained to use clean fuel and optimize process control due to which consumption of natural resources and generation of waste reduced thereby reducing emissions in upcoming GT-HRSG project and in existing plants.

**5. Has the company undertaken any other initiatives on- clean technology, energy efficiency, renewable energy etc.? Y/N. If yes, please give hyperlink for web page etc.**

i) Process water requirement at Trombay is met through water generated by treating municipal sewage at two Sewage Treatment Plants (STP). This sewage, otherwise would have been discharged into sea with minimum treatment. During the year 2019-20, about 34,90,445 M<sup>3</sup> and 23,23,922 M<sup>3</sup> of treated water generated at our old and new STP plants respectively.

**ii) Renewable Energy:**

- During the year 2019-20, at RCF Thal and Trombay unit about 5,295 MWh of Solar Power was generated. During 2019-20, 2759 Solar Renewable Energy Certificates (RECs) were generated at RCF Trombay Unit.

**iii) Energy Saving & Clean Technology:**

RCF have implemented following energy reduction schemes thereby improving energy efficiency:

- 2 x 25 MW Gas Turbine Generator (GTG) with Heat Recovery Steam Generator (HRSG) project for energy saving is commissioned at Thal Unit.
- Installation of Vortex mixer and conversion booster in Urea Reactor at Thal Unit.
- Revamp of CO<sub>2</sub> Compressor and Turbine at RCF Thal unit.
- Vapour Absorption Machine (VAM) for Process Air Compressor at Thal Unit
- Vapour Absorption Machine (VAM) for CO<sub>2</sub> Compressor at Thal Unit
- New Sewage Treatment Plant at Trombay Unit.
- Ammonia V PAC & CO<sub>2</sub> compressor internals & turbine replacement at Trombay.

RCF is in process of implementing following energy saving scheme:

- Gas Turbine Generator (GTG) with Heat Recovery Steam Generator (HRSG) project for energy saving is under implementation at Trombay Unit.
- Revamp of Ammonia-V plant through M/s KBR for energy saving.
- Revamp of Urea-V plant through M/s Casale for energy saving.
- VFD for High Pressure Ammonia Feed Pump at Thal Unit
- Vapour Absorption Machine (VAM) for Process Air Compressor (PAC) and CO<sub>2</sub> compressors

**6. Are the Emissions/Wastes generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes, The Emissions/Wastes generated by the company are within the permissible limits specified by CPCB/ MPCB and returns are submitted regularly to these authorities

**7. Number of show cause/legal notice received from CPCB/SPCB which is pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

Nil.

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

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with

Yes, your Company is a member of

- (a) Fertilizer Association of India
- (b) Standing Conference of Public Enterprises
- (c) IMC Chamber of Commerce and Industry

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good?**

Yes.

3. **If yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).**

The Company in association with various national and international bodies and participating with various committees of government of India and other agencies gives its view on various public policies and more particularly in the following areas:

- Governance and Administration
- Economic Reforms, Inclusive Development Policies
- Water and Food Security for the country
- Principles for Sustainable Business
- Energy security

**Principle 8: Businesses should support inclusive growth and equitable development**

1. **Does the company have specified programs/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Yes, the Company has specified programs in support of inclusive growth and equitable development. It is the endeavor of the company to ensure that there is continuous improvement in its economic, environmental and social performance as the tagline of the company reads as “let us grow together”. At our company employees are recognized based on their merit and skill and nobody is differentiated on the basis of cast, creed, gender and/or religion. All CSR programs of the company are towards downtrodden and weaker strata of the society, which includes education, sanitation,

nutrition, drinking water projects etc. The details of CSR initiatives undertaken by the company are provided in Annexure I of Directors Report.

2. **Are the programs/projects undertaken through in-house team/own foundation/ external NGO/ government structures/ any other organization?**

CSR programs are implemented through in house teams, NGO's, third party vendors, government agencies etc.

3. **Have you done any impact assessment of your initiative?**

No

4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

The total contribution towards CSR for the year 2019-20 is ₹3.42 Crore. The details of projects have been provided in Annexure I of the Directors Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Yes. All community development initiative and its adoption are ensured by RCF's project implementing agencies. The programs are designed and taken up only after consultation with relevant stakeholders and after ascertaining of its needs. Information on the programs is disseminated and awareness campaign is undertaken for the participation of the community in the facilities provided. The concerned official of the company regularly visits the site of implementation and take feedback from the stakeholders. The details on “Corporate Social Responsibility” are provided in Annexure I.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

1. **What percentage of customer complaint/ consumer cases are pending as on the end of financial year?**

**Reply:** Nil.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. / Remarks (additional information).**

**Reply:** Yes. The label guides the farming community / user for suitable and required precautions to be taken, like product application procedure, recommended doses, storing guidance etc.

**3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending at end of financial year. If so, provide details thereof, in about 50 words, or so.**

**Reply:** No case against the company was filed on grounds of unfair trade practices, irresponsible advertising and/or anti-competitive behavior.

**4. Did your company carry out any consumer survey/ consumer satisfaction trends?**

**Reply:** No consumer survey was conducted during 2019-20. But to assess the consumer satisfaction trends, RCF conducts various Agriculture extension activities Pan-India on regular basis. During these activities our Field Executives interact with the farming community to understand their requirements & seasonal conditions.

The following Agriculture Extension activities are conducted extensively:

- Field farmers training are conducted Pan-India.
- Soil Testing days are organized at the farmer's field during the start of an Agricultural Season.
- Soil samples are collected from the farmers field, the samples are analyzed for NPK & Micro-nutrients (Zinc, Copper, Manganese & Iron).
- Live Field Demonstrations are conducted in the farmers' field.
- RCF conducts 3 days & One day Training sessions at its Knowledge centers at Thal (Raigad District) & at Nagpur. All the expenditures incurred for the farmers travel, boarding & lodging is taken care by RCF.
- In addition to the in-house training programs, Training programs are organized by RCF with local KVK's (Krishi Vigyan Kendras) & Agriculture

Universities, for the farming community. These programs are tailor made as per the requirements / requests of the farmers.

- RCF prints & dispatches a very popular Agriculture monthly magazine in Marathi "RCF Sheti-Patrika". 60000 copies are despatched free of cost per month. RCF Sheti Patrika monthly e-magazines in Hindi and Kannada have been introduced.
- RCF also participates in State / District / Taluka / Village level Agriculture Exhibitions, where farmers are advised on latest Agricultural techniques.
- Krishi Mela / Crop Seminars are regularly organized to guide & update the agricultural knowledge of the local farming community.
- RCF operates Toll Free help line number (1800-22-3044) for farmers.

In addition to the above RCF has established 132 Kisan Suvidha Kendras, Pan-India.

- ✓ One agriculture graduate has been placed in each of the center.
- ✓ These centers are helping in - empowering the farmers.
- ✓ These centers are a collection point for soil samples & handing over the analysis report.
- ✓ These Agriculture Graduates provides Advisory Services – Crop Cultivation Technology, Application Services – Farm Inputs & application methodology.
- ✓ The Agriculture Graduate also advises the farmers on Agricultural practices, Fertilizer Management, Weather report, Pest Management, Crop selection, Help the farmers to get their Soil & Seed Tested free of cost, Crop Insurance, etc.

RCF's "KISAN SUVIDHA KENDRA" is proving to be a unique initiative to support the farmers in improving the quality of life.

## CORPORATE GOVERNANCE REPORT

### RCF'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company believes that good corporate governance is fundamental to the enhancement of the value of the Company and its long term growth. Based on the core principles of fairness, transparency and accountability, the Company strives to maintain a high standard of corporate governance through the establishment of a comprehensive and efficient framework of policies, procedures and systems and the promotion of a responsible corporate culture.

### BOARD OF DIRECTORS

#### Composition of the Board

The Company is a Government Company within the meaning of Section 2(45) of the Companies Act, 2013 as the President of India holds 75% of the paid-up Share Capital of the Company. As per Articles of Association of the Company, the power to appoint Chairman & Managing Director and Whole-time Functional Directors vests with the President of India. Other Directors are also appointed on recommendations of the Government of India.

As on 31.03.2020, the Board comprises Eight Directors out of which Four are Executive Directors including Chairman & Managing Director, two are Government Nominee Directors and Two are Independent Directors. The present Non-

The numbers of meetings attended by the Directors during the year are as under:

Name of Directors	Category	Number of Board Meetings held during the financial year 2019-2020	Number of Board Meetings attended in the financial year 2019-2020	Whether attended last AGM (held on September 24, 2019)	Number of Directorship in other companies		Number of Committee positions held in other Companies		Directorship in other companies
					As Chairman	As Director	As Chairman	As Member	
A. EXECUTIVE DIRECTORS									
Shri S. C. Mudgerikar (from 01.10.2019) (DIN: 03498837)	Chairman & Managing Director	4	4	N.A.	1	2	-	-	1. The Fertiliser Association of India 2. Indian Potash Limited
Shri Umesh V. Dhattrak (upto 30.09.2019) (DIN: 07718394)	Chairman & Managing Director	7	6	Yes	1	2	-	-	-
Shri Sudhir D. Panadare (DIN: 07933191)	Director (Technical)	11	11	Yes	-	1	-	-	1. Talcher Fertilizers Limited
Shri Umesh Dongre (DIN:08039073)	Director (Finance) & CFO	11	11	Yes	-	1	-	-	1. FACT-RCF Building Products Limited
Shri K. U. Thankachen (DIN: 06946476)	Director (Marketing)	11	10	N.A.	-	1	-	-	1. Fertilisers and Chemicals Travancore Limited

executive Directors and Independent Directors have been on the Board of other Companies and have rich experience in managing the business. The whole-time functional Directors are professionals in their respective fields having long and varied experience in varied Industries. Brief profile of the Directors is set-out at Annexure in this report.

### BOARD MEETINGS

As per the policy of your Company, apart from the matters which are required to be statutorily decided by the Board, all other major decisions involving investments and capital expenditure, mobilization of resources, Employee's Compensation etc., and major issues such as monthly performance, progress of projects, Industrial relations, market scenarios, budgets and plans etc., are discussed in the meetings as regular agenda items by the Board. All items which are obligatory as per the Corporate Governance code to be brought in the Board meetings are regularly discussed. Detailed agenda notes are circulated generally about a week in advance of the Board meetings. During the year under report, 11 [Eleven] meetings were held by the Board viz. on May 7, 2019, June 4, 2019, June 12, 2019, July 16, 2019, August 1, 2019, August 8, 2019, September 24, 2019, November 13, 2019, January 6, 2020, February 11, 2020 & March 5, 2020 .



Name of Directors	Category	Number of Board Meetings held during the financial year 2019-2020	Number of Board Meetings attended in the financial year 2019-2020	Whether attended last AGM (held on September 24, 2019)	Number of Directorship in other companies		Number of Committee positions held in other Companies		Directorship in other companies
					As Chairman	As Director	As Chairman	As Member	
<b>B. NON-EXECUTIVE OFFICIAL DIRECTORS</b>									
Ms Alka Tiwari (DIN: 03502306)	Govt. Nominee Director	11	7	No	-	-	-	2	1. Fertilisers and Chemicals Travancore Limited 2. Hindustan Organic Chemicals Limited
Ms Gurveen Sidhu (DIN: 08121526)	Govt. Nominee Director	11	8	No	-	-	-	-	1. Fertilisers and Chemicals Travancore Limited
<b>C. NON-EXECUTIVE INDEPENDENT DIRECTORS</b>									
Shri Harin Pathak (upto 09.06.2019) (DIN 07552994)	Independent Director	2	2	N.A.	-	-	-	-	-
Shri G. M. Inamdar (upto 09.06.2019) (DIN 07552999)	Independent Director	2	2	N.A.	-	1	-	-	1. Zentek Masters Private Limited
Shri Suryanarayana Simhadri (upto 07.03.2020) (DIN:01951750)	Independent Director	11	11	Yes	-	1	-	-	1. Ekalavya Grameena Vikas Foundation
Prof. Anil Kumar Singh (DIN: 08382601)	Independent Director	11	11	Yes	-	-	-	-	-
Dr. Shambhu Kumar (DIN: 07368172)	Independent Director	11	11	Yes	-	2	-	-	1. Village Boy Productions Private Limited 2. Subansiri Development Private Limited

Note: In line with Regulation 26 of SEBI Listing Regulations, 2015, membership of only Audit committee and Stakeholders Relationship Committee has been considered

### Relationship between Directors

None of the Directors are inter-se related to other Directors of the Company.

### Number of shares held by the Directors

Shri Sudhir D. Panadare, Director(Technical) holding 200 equity shares of the Company. Except Shri Panadare, none of the Directors were holding any shares/debentures in the Company as on March 31, 2020.

### Familiarisation programme for Independent Directors

The details of familiarisation programme imparted to Independent Director are disclosed on the <http://www.rcf ltd. com/public/storage/investers/1587368524.pdf>

### List of Core Skills/ Experience/ Competencies Identified by the Board

The Board of Directors have identified the following Core Skills/ Practical Experience/ Special Knowledge/ Competencies as required in the context of its business(es) and sector(s) for it to function effectively. The same are in line with the relevant provisions of the Companies Act, 2013

1. Fertilizers and Chemicals
2. Finance;
3. Agriculture and Rural Economy;
4. Law;
5. Marketing;

6. Research and Development;
  7. Economics;
  8. Public Sector Undertaking;
  9. Business Management;
  10. Risk Management;
  11. Human Resources;
  12. General Administrative and Co-operation;
  13. Costing
- And
14. Any other matter the special knowledge of, and practical experience in, which would, in the opinion of the Board, be useful to the Fertilizer and chemical.

The Board has identified the following skill set with reference to its Business and Industry which are available with the Board:

Name of the Director	Expertise in specific functional area
Shri S. C. Mudgerikar	Fertilizers and Chemicals, Agriculture and Rural Economy, Risk Management, Public Sector Undertaking, Costing, Research and Development & Business Management
Shri Sudhir D. Panadare	Fertilizers and Chemicals, Research and Development, Human Resources & Agriculture and Rural Economy
Shri Umesh Dongre	Fertilizers and Chemicals, Finance, Public Sector Undertaking, Economics, Costing, Risk Management & General Administrative and Co-operation
Shri K. U. Thankachen	Marketing, Agriculture and Rural Economy, Business Management & Public Sector Undertaking
Ms Alka Tiwari	General Administrative and Co-operation, Finance, Fertilizers and Chemicals, Economics, Agriculture and Rural Economy & Public Sector Undertaking
Ms Gurveen Sidhu	General Administrative and Co-operation, Finance, Fertilizers and Chemicals, Costing, Agriculture and Rural Economy & Public Sector Undertaking
Prof. Anil Kumar Singh	Fertilizers and Chemicals, Risk Management, Research and Development & Business Management

Name of the Director	Expertise in specific functional area
Dr. Shambhu Kumar	Fertilizers and Chemicals, Agriculture and Rural Economy & General Administrative and Co-operation
Shri. Suryanarayana Simhadri (upto 07.03.2020)	Finance, Risk Management, Costing, Law, Business Management & Economics
Shri Harin Pathak (upto 09.06.2019)	Research and Development, Fertilizers and Chemicals & Agriculture and Rural Economy
Shri G. M. Inamdar (upto 09.06.2019)	Law, General Administrative and Co-operation, Finance, Human Resources, & Agriculture and Rural Economy

#### Confirmation from Independent Directors

Board of Directors hereby certify that the Independent Directors of the Company fulfil the conditions specified in Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are Independent of the Management.

#### Cessation of Independent Directors

During the year, Shri Harin Pathak, Shri G. M. Inamdar and Shri Suryanarayana Simhadri ceased to be Independent Directors of the Company on completion of their tenure.

#### BOARD COMMITTEES

The Board has constituted the following Committees

##### Audit Committee

##### Term of Reference

The Company endeavors that the constitution, quorum, scope etc. of the Audit Committee is in line with section 177 of the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and guidelines on Corporate Governance as issued by Department of Public Enterprises. The scope of Audit Committee inter-alia includes the following:-

- (1) oversight of the listed entity'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 listed entity;
- (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:
- matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - changes, if any, in accounting policies and practices and reasons for the same;
  - major accounting entries involving estimates based on the exercise of judgment by management;
  - significant adjustments made in the financial statements arising out of audit findings;
  - compliance with listing and other legal requirements relating to financial statements;
  - disclosure of any related party transactions;
  - modified opinion(s) 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 utilized 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) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the listed entity with related parties;
- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) 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 whistle blower mechanism;
- (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) Carrying out any other function as is mentioned 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 the date of coming into force of this provision.

### Composition of the Audit Committee

The Audit Committee comprises Shri Suryanarayana Simhadri, Independent Director (upto 07.03.2020) as Chairperson, Prof A. K. Singh, Independent Director, Dr. Shambhu Kumar, Independent Director and Ms. Alka Tiwari, Government Nominee Director as other members. Director [Finance] and Internal Auditor are the permanent invitees. The Company Secretary is the Secretary of the Committee. The Statutory Auditors and Cost Auditors are also invited for the meetings. Other Senior Executives are invited as and when required.

### Meetings and Attendance

During the year, the Audit Committee met 5 [Five] times on 07.05.2019, 08.08.2019, 13.11.2019, 05.01.2020 & 11.02.2020 and the attendance was as under:

Name of Director	Number of meetings required to attend	Number of meetings attended
Shri Suryanarayan Simhadri (upto 07.03.2020)	5	5
Ms Alka Tiwari	5	4
Prof. A. K. Singh	4	4
Dr. Shambhu Kumar	4	4
Shri Harin Pathak (upto 09.06.2019)	1	1
Shri G. M. Inamdar (upto 09.06.2019)	1	1

The Committee is entrusted with power to seek information from any employee, to investigate, with the assistance of Internal Auditors, any activities/ functions and to seek any external assistance, if required.

During the year 2019-20, the Committee reviewed the audits conducted by Internal Audit Department, gave directions and sought further investigations and examinations, wherever necessary. The Committee also reviewed the financial statements before submitting to the Board and emphasized the importance of internal Control Systems. All the recommendations of the Audit Committee were accepted and implemented.

### Nomination and Remuneration Committee

#### Term of Reference

The Company, being a Central Public Sector Enterprise, the appointment, tenure and remuneration of Directors are decided by the Government of India. Independent Directors are paid sitting fees for attending the Board/Committee Meetings within the ceiling fixed under the Companies Act, 2013.

RCF being a Government company is exempted from applicability of provisions of the Companies Act, 2013 with regard to formulation of criteria for determining qualifications, positive attributes, evaluation of Directors, their remuneration, etc.

Remuneration of employees consisting of basic pay, perquisites, performance Incentives, retirement benefits is regulated as per guidelines laid down by Department of Public Enterprises (DPE), Government of India. Within the framework of DPE Guidelines, Remuneration Policy of the Company aims to motivate employees to excel in performance, recognize their contribution, retain talent in the organization and reward merit.

Terms of reference of the committee is as per provision of Section 178 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The committee identify persons who may be appointed in senior management in accordance with the criteria laid down and recommend to the board their appointment and removal. Further, in terms of the DPE Guidelines, every Central Public Sector Enterprise is required to constitute a Nomination & Remuneration Committee headed by an Independent Director to decide the Annual Bonus/Variable. Pay Pool and policy for its distribution across the executives and non-unionized supervisors. The Board has constituted a Nomination and Remuneration Committee.

### Composition of Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprising of Prof. Anil. K. Singh, Independent Director as Chairperson, Shri Suryanarayana Simhadri, Independent Director (upto 07.03.2020), Ms. Alka Tiwari, Govt. Nominee Director and Shri S. C. Mudgerikar, Chairman & Managing Director as Member.

### Meetings and Attendance

During the year, the Committee met five (5) times on 07.05.2019, 04.06.2019, 16.07.2019, 18.10.2019 & 11.02.2020.

Name of Director	Number of meetings required to attend	Number of meetings attended
Prof. A. K. Singh	4	4
Shri Suryanarayan Simhadri (upto 07.03.2020)	5	5
Ms Alka Tiwari	5	4
Shri S. C. Mudgerikar	2	2
Shri Harin Pathak (upto 09.06.2019)	2	2
Shri G. M. Inamdar (upto 09.06.2019)	2	2

### Stakeholders Relations Committee

The stakeholder's relationship committee examines the grievances of stakeholders / investors and the system of redressal of the same and also approves issuance of share certificates of the company endeavours to resolve complaints grievances queries of stakeholders / investors within a reasonable period of time. The Stakeholders Relations Committee comprises of Dr. Shambhu Kumar, Independent Director as Chairperson and Shri S. C. Mudgerikar, Chairman

& Managing Director and Shri Umesh Dongre, Director (Finance) as Members of the Committee. The Company Secretary being the Compliance Officer is specifically entrusted with responsibility for redressal of investors complaints and report the same to the Committee

#### Details of complaints received and redressed during the financial year 2019-20:

During the year, 2 complaints were received and all have been resolved. The Company also received and attended 18 requests for change in address, recording for nomination, issue of duplicate share certificates/dividend warrants etc.

The Company has a designated email id investorcommunications@rcfltd.com exclusively for investors and for responding to their queries.

#### Meetings and Attendance

During the year 2019-20, the Committee met three [3] times on 08.08.2019, 13.11.2019 and 05.03.2020.

Name of Director	Number of meetings required to attend	Number of meetings attended
Dr. Shambhu Kumar	3	3
Shri S. C. Mudgerikar	2	2
Shri Umesh Dongre	3	3
Shri Umesh Dhatrak (upto 30.09.2019)	1	1

#### Share Transfer Committee

The Share Transfer Committee looks into the following;

- Transfer and transmission of shares; and
- Issue of duplicate share certificates and new certificates on Split/renewal/consolidation/demat to remat etc.

Share Transfer Committee comprising of Shri S. C. Mudgerikar, Chairperson, Shri Sudhir D. Panadare and Shri Umesh Dongre, Members. During the year, the Committee met Four (4) times on 22.04.2019, 19.06.2019, 04.09.2019 and 23.10.2019 and there are no pending cases for transfer/transmission of shares/issue of duplicate share certificates.

#### Committee on Corporate Social Responsibility (CSR)

Committee on Corporate Social Responsibility (CSR) has been constituted to formulate and recommend to the Board, a CSR policy which shall indicate the CSR activities to be undertaken by the Company, recommend to the Board the amount of expenditure to be incurred on CSR activities and monitor the CSR policy of the Company from time to time.

The CSR Committee comprising of Shri Suryanarayana Simhadri, Independent Director (upto 07.03.2020) as Chairperson, Shri Umesh Dongre, Director (Finance) and Ms Alka Tiwari as members.

#### Meetings and Attendance

During the year, the Committee met two (2) times on 11.05.2019 and 16.07.2019.

Name of Director	Number of meetings required to attend	Number of meetings attended
Shri Suryanarayana Simhadri (upto 07.03.2020)	2	2
Shri Umesh Dongre	2	2
Ms Alka Tiwari	2	1
Shri G. M. Inamdar (upto 09.06.2019)	1	1

#### Risk Management Committee

As per the requirement of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors in its meeting held on March 18, 2019 formed a Risk Management Committee to review the risk management process involving risk assessment.

The Committee comprised of the following members

Sl. No.	Name of the Member	Designation
i	Shri Umesh Dongre	Chairman
ii	Shri Sudhir D. Panadare	Member
iii	Shri K. U. Thankachen	Member
iv	Prof. Anil Kumar Singh	Member
V	Dr. Shambhu Kumar	Member
vi	Shri Suryanarayana Simhadri (upto 07.03.2020)	Member

During the year, the committee met once on 30.03.2020.

#### Empowered Committee for Procurement

Empowered Committee comprising Shri S. C. Mudgerikar, Chairman & Managing Director as Chairperson, Shri Sudhir D. Panadare, Director (Technical), Shri Umesh Dongre, Director (Finance) and Shri K. U. Thankachen, Director (Marketing) as members to approve procurement of Fertilizer Raw Materials for captive consumption and Fertilizers for Trading purpose upto a value of ₹ 300 Crore in case of each procurement. During the year, the Committee met seven (7) times on 02.04.2019, 03.04.2019, 08.04.2019, 25.07.2019, 07.01.2020, 11.01.2020 and 27.02.2020.

### Empowered Committee for Procurement of Urea on Govt. Account

Board of Directors in its meeting held on November 13, 2019 has constituted the Empowered Committee of the Board consisting of Functional Directors and one Independent Director to approve the Procurement of Urea on Govt. account upto INR 3,000 crore against each tender. During the year, the Committee met once on 21.11.2019.

### Remuneration of Directors

Functional (Executive) Directors are appointed by President of India in terms of Article 81(1) of the Articles of Association of the Company and their remuneration and other terms and conditions are governed by the terms of appointment as decided by the Government. While the Chairman & Managing Director is appointed in Schedule 'A' scale i.e. ₹ 2,00,000 - 3,70,000/-, the other functional Directors are appointed in Schedule 'B' Scale i.e. ₹1,80,000 - 3,40,000/. All other terms and conditions of appointment such as accommodation, provision of car etc., are same for all directors and are specified in their respective appointment orders. Any other terms not specified in the said order are in accordance with the rules applicable to the employees of your Company. Remuneration paid to the Directors during the year is as under:

(₹ In Lakh)

Sl No.	Name of the Director	Salary and Allowances	Other Benefits and perquisites	Total Remuneration
1.	Shri Umesh V. Dhattrak, Chairman & Managing Director (upto 30.09.2019)	83.58	6.77	90.35
2.	Shri S. C. Mudgerikar, Chairman & Managing Director (From 01.10.2019)	22.42	2.78	25.20
3.	Shri Sudhir D. Panadare Director(Technical)	45.56	5.81	51.37
4.	Shri Umesh Dongre Director(Finance)	43.12	4.84	47.96
5.	Shri K. U. Thankachen Director (Marketing)	41.99	4.67	46.66

The Independent Directors have been paid sitting fees of ₹25,000/- per meeting for attending meetings of the Board and ₹20,000 per meeting for attending meetings of the Committee. From March, 2020, the Independent Directors have been paid sitting fees of ₹30,000/- per meeting for

attending meetings of the Board and ₹ 25,000 per meeting for attending meetings of the Committee. The sitting fees paid during the financial year 2019-20 is as follow:

Name of the Director	Sitting Fees (in Lakh)
Shri Harin Pathak	1.35
Shri G. M. Inamdar	1.55
Shri Suryanarayana Simhadri	6.10
Prof. Anil Kumar Singh	5.20
Dr. Shambhu Kumar	4.75

The Government Nominee Directors are not paid any sitting fee for attending the meetings.

### Performance Evaluation criteria for Independent Directors

Being a Government Company, all the Directors on the Board of RCF are appointed by the Government of India. The performance evaluation of all the Directors including Independent Directors are done by the Department of the Central Government or Ministry, which is administratively in charge of the Company.

However, the evaluation of independent directors for the year 2019-20 has been done by the entire Board of Directors as per regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Separate Meeting of Independent Directors

As provided under Section 149(8) read with Schedule IV of the Companies Act, 2013 and also as per Regulation 25 (3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, two (2) separate meeting of Independent Directors were held on 04.06.2019 & 13.11.2019.

### Code of Conduct for Directors and Senior Management Personnel

The Company has adopted a code of conduct and ethics applicable to the Board of Directors and Senior Management Personnel (one level below the Board of Directors) of the Company. The code requires Directors and employees to act honestly, fairly, ethically, and with transparency and integrity. The Board of Directors and Senior Management Personnel are required to affirm compliance with the code of conduct on an annual basis. The code has been displayed on the Company's website – www.rcfstd.com. All Directors and Senior Management Personnel have complied with the code and the compliance has been affirm by them to that effect. A declaration signed by Chairman & Managing Director is given below:

This is to certify that in line with the requirement of Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the Directors of the Board and Senior Management personnel have affirm that to the best of their knowledge and belief, they have complied with the provisions of the 'Code of Conduct for the Directors and Senior Management' during the financial year 2019-20

**(S. C. Mudgerikar)**  
Chairman & Managing Director

Place: Mumbai  
Date: 28.05.2020

### General Body Meetings

The details of the last three Annual General Meetings (AGM) held are as under:

Financial Year	Time and Date	Venue
2018-19	3 p.m. on 24.09.2019	"Sivaswamy Auditorium", Fine Arts Society, Mumbai 400 071.
2017-18	3 p.m. on 26.09.2018	
2016-17	3 p.m. on 21.09.2017	

### Particulars of Special Resolution passed at the last three AGMs

Financial Year	Time and Date	Venue	Special Resolutions Passed
2018-19	3 p.m. on 24.09.19	"Sivaswamy Auditorium", Fine Arts Society, Mumbai 400 071.	Offer or invitation to subscribe to Secured Non-Convertible Debentures on private placement.
2017-18	3 p.m. on 26.09.18		
2016-17	3 p.m. on 21.09.17		

### Details of Resolution passed through Postal Ballot, the person who conducted the Postal Ballot exercise and details of voting pattern:

No item warranted the conducting of postal ballot as stipulated in the Companies Act, 2013. No Special resolution has been proposed to be conducted through postal ballot.

### Means of Communication

The Company regularly interacts with the shareholders through multiple channels of communication such as publication of its results on quarterly, half yearly and annual basis in the main edition of national and vernacular newspapers such as Free Press Journal, Nav Bharat, Navshakti and the Company's website, i.e. www.rcfstd.com.

All Official Press Release are hosted on the website of the Company.

The quarterly results, shareholding pattern, corporate governance reports, intimation of Board meetings, etc. are filed with the stock exchanges through NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre.

The annual report, quarterly, half yearly and annual results, Corporate governance report, terms and conditions of appointment of Independent directors, details of various services provided to investors etc. are posted on the website of the Company, i.e. www.rcfstd.com.

The investors can also find on this website the Annual Reports, Quarterly Results, various policies of the Company, details of unpaid dividend, composition of various committees of the Board of Directors, terms and conditions for appointment of independent directors, details of various services being provided to investors, guidance and procedure to be followed by the investors for transfer, transmission and transposition of the securities, de-materialisation, re-materialisation of shares, details of shares to be transferred to Investor Education and Protection Fund, etc.

During the year, no presentations were made to institutional investors or to the analysts.

A Management Discussion and Analysis report is a part of this Annual Report

### General Shareholder information:

#### Annual General Meeting

**Date :** Wednesday, December 30, 2020

**Time:** 3.00 p.m.

**Venue :** The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.

**Financial Year :** April 1 to March 31

For the financial year ended March 31, 2020, the financial results were announced on:

- August 8, 2019 : First Quarter
- November 13, 2019 : Second Quarter
- February 11, 2020 : Third Quarter
- May 29, 2020 : Forth Quarter & Annual

### Payment of dividend

The Board of Directors of your Company have recommended a dividend of ₹2.84 per share for the financial year 2019-20 subject to the approval of the members at ensuing Annual General Meeting which will be paid after December 30, , 2020.

### Listing Information

The Company's equity shares are listed on the BSE Limited and the National Stock Exchange of India Limited.

Name of Stock Exchange	Address	Stock/ Scrip Code
BSE Limited (BSE)	25th Floor, P J Towers, Dalal Street, Mumbai 400 001	524230
The National Stock Exchange of India Limited (NSE)	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai 400 051	RCF

### Market Price Data

Monthly high and low prices and volumes of equity shares of the Company at BSE and NSE for the financial year ended March 31, 2020

Sl No.	Month	BSE Limited			The National Stock Exchange of India Limited		
		High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
1	Apr-19	63.80	56.65	3525890	63.90	56.50	24846960
2	May-19	67.25	53.65	4145888	67.25	53.65	27848073
3	Jun-19	65.80	55.80	2820910	65.95	55.70	15856917
4	Jul-19	65.75	46.75	3437680	65.70	46.75	21109077
5	Aug-19	49.60	36.25	2303724	49.60	36.00	13315089
6	Sep-19	52.55	39.40	3955192	52.70	39.35	28038534
7	Oct-19	60.00	43.50	3667825	60.10	43.40	27046414
8	Nov-19	56.75	47.90	2712925	56.90	47.85	18697289
9	Dec-19	49.60	43.85	2345776	49.60	43.70	14801101
10	Jan-20	59.80	46.25	6399269	59.90	46.25	65825161
11	Feb-20	56.60	38.25	2786169	56.60	38.25	24139561
12	Mar-20	40.00	22.05	4376301	39.65	22.00	31087010

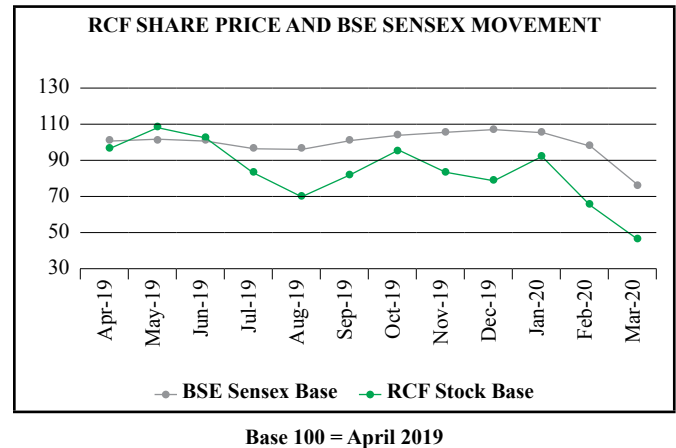
During the year, your Company's shares were actively traded on BSE and NSE. The shares were traded in the range of a maximum of ₹67.25 [on 29.05.2019 ] and minimum of ₹ 22.05 [on 25.03.2020] at BSE.

### Stock Price Performance in comparison to broad-bases indices

During the year 2019-20, the share price of the Company opened at ₹58.90 on 01.04.2019 and closed at ₹28.35 on 31.03.2020 on the BSE thereby decreasing by 51.87%. During the same period, BSE sensx opened at 38859 on 01.04.2019 and closed at 29469 on 31.03.2020 thereby decreasing by 24.17%. During the same period, NSE Nifty opened at 11665 on 01.04.2019 and closed at 8598 on 31.03.2020 thereby decreasing by 26.30%.

### Performance of the share price of the Company in comparison to the BSE Sensx

The relative performance (on base of 100 as on 01.04.2019) of the monthly closing price of the Company's share vis-a-vis BSE Sensx during the year 2019-20 is give below:



### Corporate Identity Number (CIN) of the Company:

L24110MH1978GOI020185

### Share Transfer Agent

Link Intime India Private Limited,  
Address : C-101, 247 Park, L B S Marg  
Vikhroli West, Mumbai 400 083  
Phone No.022 49186000  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)

The Share Transfer Agents have also service centres at Delhi, Kolkata, Coimbatore, Ahmedabad, Pune and Vadodara where also the transfer deeds and other correspondence are accepted. All requests received for transfer through the investors' Depository Participants (DP) are processed through NSDL/CDSL and downloaded periodically by the Registrar and records updated. Requests for transfer in physical form received are effected within a fortnight.





साथ बड़े सामुदायिक की ओर

## Distribution of Shareholding

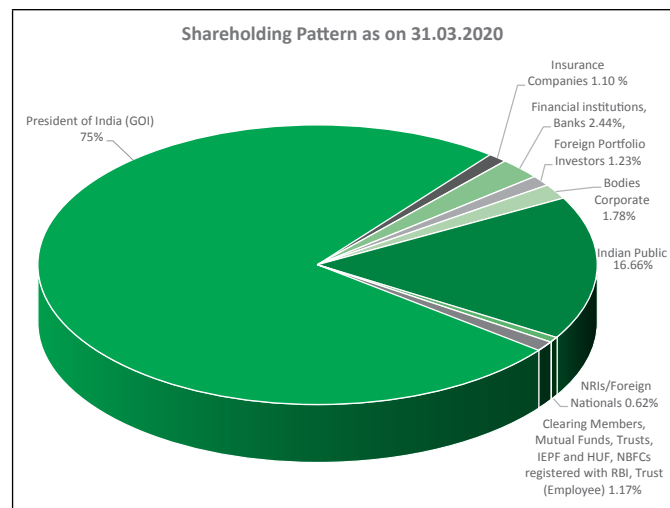
The shareholding distribution of equity shares of nominal value of ₹ 10/- each as on March 31, 2020 is as under

Sl. No	No. of Shares held	No. of shareholders	% of total	Share amount [₹]	% of total
1	1 - 500	140772	80.84	22981490	4.17
2	501 - 1000	17245	9.9	14340379	2.59
3	1001 – 2000	8457	4.85	13119501	2.38
4	2001 – 3000	2835	1.63	7368974	1.34
5	3001 – 4000	1194	0.69	4330261	0.78
6	4001 – 5000	1146	0.66	5508079	1.00
7	5001 – 10000	1469	0.84	10924734	1.98
8	10001 - and above	1027	0.59	473114682	85.76
	<b>Total</b>	<b>174145</b>	<b>100.00</b>	<b>551688100</b>	<b>100.00</b>

## Shareholding Pattern

The shareholding pattern of the company as on March 31, 2020 is as follows:-

Category	No. of Shares	% of Holding
President of India (GOI)	413769483	75.00
Insurance Companies	6054475	1.10
Financial institutions, Banks	13433353	2.44
Foreign Portfolio Investors	6766362	1.23
Bodies Corporate	9843039	1.78
Indian Public	91924349	16.66
NRIs/Foreign Nationals	3414460	0.62
Clearing Members, Mutual Funds, Trusts, IEPF and HUF, NBFCs registered with RBI, Trust (Employee)	6482579	1.17
<b>Total</b>	<b>551688100</b>	<b>100.00</b>



## Dematerialization of Shares and Liquidity

The Equity Shares of the Company are compulsorily traded in dematerialised form and the Company has signed agreements with both the Depositories i.e. National Securities Depositories Limited and Central Depository Services (India) Limited. As on March 31, 2020, out of the total 55,16,88,100 equity shares, 55,06,55,410 shares, i.e., 99.81% are in demat segment and only 10,32,690 i.e. 0.19 % are in physical form.

## Outstanding GDRs/ADRs/warrants/convertible instruments and their impact on equity

Your Company has not issued any GDRs/ADRs/Warrants or any convertible instruments so far.

## Commodity price risk or foreign exchange risk and hedging activities:

### Commodity Risk

SEBI vide its circular dated November 15, 2018 pertaining to disclosure regarding commodity risk has prescribed that all listed entities shall make uniform disclosures regarding commodity risk and hedging activities in the Corporate Governance Report section of the Annual Report. The disclosure pertaining to exposure and commodity risks may apply only for those commodities where the exposure of the Company in the particular commodity is material.

The Company has a Board approved policy for risk management covering the exposure towards Commodities.

## Exposures of the Company to aforesaid commodities and commodity risks faced by the Company throughout the Financial Year 2019-20

- Total exposure of the Company to commodities – ₹5328.73 crore
- Exposure of the Company to the aforesaid commodities is as under:

Commodity Name	Exposure in INR towards the particular commodity (₹ in Crore)	Exposure in Quantity terms towards the particular commodity	% of such exposure hedged through commodity derivatives				
			Domestic Market		International Market		Total
			OTC	Ex-change	OTC	Ex-change	
Natural Gas	5328.73	70334285.52 MMBTU	NIL	NIL	NIL	NIL	NIL

Note:-Disclosure made with respect to such commodities wherein its exposure is more than 10% of its total expenses.

## Commodity Risks faced by the Company during the Financial Year 2019-20 and how they have been managed

Natural Gas is the major raw material for manufacture of Urea, NPK fertilizers and some Industrial Chemicals. Based

on the basket of gases sourced by the Company, the prices of Natural Gas are linked to international crude oil/gas prices and it varies with the fluctuation in the prices of crude oil/gas, demand supply pattern, etc. and also price as determined as per applicable Government formula for Domestic gas.

The Company is not affected by price volatility of natural gas with respect to quantity of gas consumed in Urea as the cost of natural gas is pass through under the subsidy policies of Government of India for manufacture of Urea. However, in respect of consumption in NPK fertilizers and Industrial chemicals it is exposed to risk of volatility in prices. The Company did not enter into any transaction for hedging the fluctuations in the prices of natural gas and is in the process of formulation of a policy for covering the exposure towards commodity risk and hedged exposure etc.

### Foreign Exchange Risk

The foreign exchange risk of the Company arises mainly out of import of fertilisers, raw materials for fertilizers and foreign currency borrowings. Company has a Board approved Policy for management of foreign currency risks and the Board is apprised of the impact of the same on a quarterly basis.

In order to mitigate the foreign exchange risk, the Company continuously monitors its foreign exchange exposure and hedges its foreign exchange risk in this regard, to the extent considered necessary, through forward contracts, other derivative products etc. The details of foreign currency risk and hedging activities are also given in the Notes to Financial Statements.

### Plant Location

Your Company has two manufacturing units located at :-

- Trombay Unit: Mahul Road, Trombay, Mumbai-400 071;
- Thal Unit: Alibag, Thal, Raigad, 402208, Maharashtra.

Your Company markets its products through various marketing offices located throughout the Country.

### Registered Office/Address for Correspondence:

The Company Secretary  
Rashtriya Chemicals and Fertilizers Limited  
“Priyadarshini”,  
Eastern Express Highway, Sion,  
Mumbai 400 022.  
India.  
Tel. 022 2404 5024  
e-mail: investorcommunications@rcfltd.com

### Credit Ratings

The details of the Credit Ratings assigned to the Company as on March 31, 2020 are as under:

Type of Facility/ Programme	Amount (₹ in Crore)	Credit Rating Agency	Rating Assignment
Commercial Paper	3000	ICRA	ICRA A1+
Commercial Paper	3000	CARE	CARE A1+
Long Term Bank Lines	5100	ICRA	ICRA AA (-)
Short Term Bank Lines	3150	CRISIL	CRISIL A1+
NCD	500	ICRA	ICRAAAA (-)
NCD	500	I n d i a Ratings	IND AA

### Unclaimed Dividend

In case of non-receipt of dividend, shareholders may write to the Company Secretary or to Link Intime India Private Limited [R&T Agent] furnishing the particulars of the dividend not received, quoting the folio number/client ID particulars in case of dematerialized shares. On verification of the records, if the dividend warrants remain unpaid in the records of the Company after expiry of the validity period, duplicate dividend warrants will be issued.

Pursuant to the provisions of Section 124 of the Companies Act, 2013, dividend for the financial year ended March 31, 2013 which remains unclaimed on October 5, 2020 will be transferred by the Company to the Investor Education and Protection Fund [IEPF] established by the Central Government. The dividend for the undernoted years, if remaining unclaimed, for a period of seven years will be statutorily transferred by the company to IEPF in accordance with the schedule given below:

Sl. No	Financial Year	Date of declaration of dividend	Unclaimed dividend as on 31.03.2020	Last date for claiming unpaid dividend
1	31.3.2013	30.08.2013	13,19,212.50	05.10.2020
2	31.3.2014	19.09.2014	12,56,566.50	25.10.2021
3	31.3.2015	27.08.2015	16,81,705.80	01.10.2022
4	31.3.2016	23.09.2016	11,09,390.50	28.10.2023
5	31.3.2017	21.09.2017	14,64491.60	26.10.2024
6	31.3.2018	26.09.2018	8,93,086.80	31.10.2025
7	31.03.2019	24.09.2019	10,01,656.95	29.10.2026

The details of unclaimed shares transferred to IEPF during year 2019-20:

Sl. No.	Financial year	Number of shares transferred to IEPF
1	2010-11	27,478
2	2011-12	22,822
	<b>Total</b>	<b>50,300</b>

The details of unclaimed dividend transferred to IEPF during year 2019-20:

Sl. No.	Financial year	Amount of unclaimed dividend transferred to IEPF (₹ in Lakh)
1	2011-12	10.44

### Nodal Officer for Investor Education and Protection Fund

In compliance with Companies Act, 2013 and The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, Shri J. B. Sharma, Company Secretary of the Company has been appointed as Nodal Officer for the purpose of coordination with IEPF Authority.

### Calendar of events:

Sl. No.	Event	Likely date
(i)	Announcement of 1st Quarterly (unaudited) financial result for FY 2020-21	On or before August 14, 2020
(ii)	Book Closure for the purpose of Dividend and AGM.	Thursday, December 24, 2020 to Wednesday, December 30, 2020 (both days inclusive)
(iii)(a)	Date of AGM for 2019-20 :	December 30, 2020 at 3 p.m.
(iii)(b)	AGM for 2019-20: Venue	The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.
(iv)	Announcement of unaudited half yearly result for FY 2020-21	On or before November 14, 2020
(v)	Announcement of 3rd quarterly (unaudited) financial result for FY 2020-21	on or before February 14, 2021
(vi)	Announcement of Audited results for FY 2020-21	on or before May 30, 2021

### Dividend Distribution Policy.

Your Company has adopted the Dividend Distribution Policy of the Company as required in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in its meeting held on November 18, 2016.

In the interest of providing transparency to the shareholders, the Policy sets out the circumstances and different factors i.e. internal and external including financial parameters for consideration by the Board while declaring dividend or of retention of profits and the circumstances under which the shareholder of the company may not expect any dividend.

Your Company has been paying dividend from its inception except in the years 1993-94 and 2002-03. Your Company endeavours to pay dividend ensuring, generally, that the payout is about 30% of its net profit after tax.

### Other Disclosures:

#### Materially significant related party transactions:

There are no related party transactions entered into by your Company with the promoters, Directors or Management and their subsidiaries or relatives etc. that may have a potential conflict with the interest of your Company.

Your Company has complied with all the provisions of the Companies Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI guidelines, and other authorities on any matter related to capital markets during last 3 years.

#### Details of non-compliance/ penalties / strictures imposed during the last three years

There were no cases of non-compliance by the Company on any matter related to capital markets during the last three years and no penalties / strictures were enforced on the Company by Stock Exchanges / SEBI or any other statutory authority.

### Vigil Mechanism- Whistle Blower Policy:

Pursuant to Section 177(9) and (10) of the Companies Act, 2013, and Regulation 22 of SEBI (LODR) Regulations, 2015, the Company had formulated Whistle Blower Policy to enable stakeholders including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices.

RCF had provided ample opportunities to encourage Directors and employees to become whistle blowers (Directors and employees who voluntarily and confidentially want to bring the unethical practices, actual or suspected fraudulent transactions in the organization to the notice of competent authority for the greater interest of the organization and the nation). It has also ensured a very robust mechanism within

the same framework to protect them (whistle blowers) from any kind of harm. It is hereby affirmed that no personnel has been denied access to the Audit committee.

Your Company has put in place a fraud prevention policy. As a part of compliance with the policy, Company has appointed nodal officers for Trombay, Thal, Marketing and Corporate Office. The fraud prevention policy has been framed to provide a system for detection and prevention of fraud, reporting of any fraud that is detected or suspected and for dealing in matters pertaining to fraud. During the year under review, no such cases were reported.

In addition, your Company has Vigilance Department to bring greater transparency, integrity and efficiency. The focus of Vigilance department is on Preventive and Participative Vigilance.

### Compliance with mandatory requirement of SEBI (LODR)

Your Company has complied with the Corporate Governance requirement under Regulation SEBI (LODR) and specifically to the requirements under Regulation 17 to 27 and clause(b) to (i) of sub-regulation (2) of Regulation 46 except in respect of composition of the Board of Directors with regard to at-least 50% Independent Directors including woman independent director

Your Company, being a Government Company under the administrative control of the Department of Fertilizer, Ministry of Chemicals and Fertilizers, Government of India, the power to appoint Directors (including Independent Directors) vests with the Government of India. Your Company is pursuing with the Government of India to induct requisite number of Independent Directors including woman independent director.

### Integrity Pact

The Company has implemented Integrity Pact (IP) for enhancing transparency, probity, equity and competitiveness in its procurement process.

Presently, 2 Independent External Monitors (IEMs) have been nominated by the Central Vigilance Commission (CVC) to monitor the implementation of IP in all tenders, of the threshold value of ₹1 Crore and above.

### Policy for determining material subsidiaries

The policy for determining material subsidiaries is disclosed on the

[http://www.rcfltd.com/public/storage/cmspages/cmspdfFile/F1565000772-POLICY\\_FOR\\_DETERMINING\\_MATERIAL\\_SUBSIDIARIES.pdf](http://www.rcfltd.com/public/storage/cmspages/cmspdfFile/F1565000772-POLICY_FOR_DETERMINING_MATERIAL_SUBSIDIARIES.pdf)

### Policy on dealing with related party transaction

The policy on dealing with related party transaction is disclosed on the

[http://www.rcfltd.com/public/storage/cmspages/cmspdfFile/F1565001828-Policy\\_on\\_RPT.pdf](http://www.rcfltd.com/public/storage/cmspages/cmspdfFile/F1565001828-Policy_on_RPT.pdf)

### Policy on Board Diversity

Company has devised a Policy on Board Diversity of Board of Directors which is available at Company's website [http://www.rcfltd.com/public/storage/cmspages/cmspdfFile/F1564553235-DIVERSITY\\_POLICY.pdf](http://www.rcfltd.com/public/storage/cmspages/cmspdfFile/F1564553235-DIVERSITY_POLICY.pdf)

### Details of utilization of funds raised through preferential allotment or qualified institutions placement

The Company has not raised any funds through preferential allotment or qualified institutions placement as specified in Regulation 32 (7A) of SEBI (LODR).

### Certificate from Company Secretary in Practice

Shri S. N. Bhandari of M/s Bhandari & Associates, Practising Company Secretary, has issued a certificate as required under SEBI (LODR), confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors by the Securities and Exchange Board of India /Ministry of Corporate Affairs or any such statutory authority. The certificate is annexed with this section.

### Fees paid to Statutory Auditors

The fees paid to the Statutory Auditors during the year 2019-20 is as under:

(₹ in Crore)

Sr. No.	Particulars	Year ended 31.3.2020
1	Audit fees for the year	0.24
2	Audit fees for Limited review	0.03
3	Audit fees for Consolidated Financial Statement	0.01
4	For Certificate and other expenses	0.13

### Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

- Number of complaints filed during the financial year : Nil
- Number of complaints disposed of during the financial year: Nil
- Number of complaints pending as on end of the financial year : Nil

### Non mandatory requirements

Besides the mandatory requirements as mentioned in preceding pages, the status of compliance with non-mandatory requirements of Reg. 27(1) of SEBI (LODR) Regulations, 2015 read with Part E of Schedule-II are produced below:

1. **The Board:** The Company is headed by an Executive Chairman.
2. **Shareholder Rights:** The quarterly Financial Results of the Company are published in leading newspapers and also posted on company's website (www.rcfltd.com). These results are not separately circulated to the shareholder.
3. **Audit Qualification / Modified Opinions in audit report :** It is always Company's endeavor to present an unqualified financial statement.
4. **Separate posts of Chairman and CEO :** Article of Association 81(1)(a) of the company provides that same person can be appointed as Chairman and CEO of the company. Hence GoI had appointed one person as C&MD of the company.
5. **Reporting of Internal Auditor :** Internal Audit reports directly submit to Chief Executive Officer of the Company. The external/internal auditor appointed by the company submit their report to concerned HoD at places where they are conducting audit. These reports are reviewed by the Audit Committee.

### Compliance certificate regarding compliance of conditions of corporate governance

As required by Schedule V of the SEBI (LODR), the compliance certificate regarding compliance of conditions of Corporate Governance issued by a Practising Company Secretary is annexed.

### Trading in your Company's shares by Directors and designated Employees:

None of the Directors holds shares in your Company except Shri Sudhir D. Panadare, Director (Technical) holds 200 equity shares in the Company.

### Guidelines on Corporate Governance by DPE

Your Company is complying with the all the requirements of the DPE Guidelines on Corporate Governance except in respect of composition of the Board of Directors with regard to 50% independent Directors. Your Company, being a Government Company, is pursuing with the Government of India to induct requisite number of Independent Directors.

No items of expenditure have been debited in books of accounts, which are not for the purpose of business. No expenses, which are of personal nature, have been incurred for the Board of Directors and top management.

Further, the administrative and office expense constitute 0.98 % of total expense for financial year 2019-20 as against 0.80% in the previous year 2018-19

### Disclosure with respect to demat suspense account / unclaimed suspense account

No shares are lying in the demat suspense account or unclaimed suspense account,

### Compliance Officer

Shri J. B. Sharma, Company Secretary, is the Compliance Officer of the Company.

### Prevention of Insider Trading

The Company has adopted a Code of Conduct for prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary of the company is responsible for implementation of the Code.

All Board Directors and the designated employees have confirmed compliance with the Code.

**CEO/ CFO CERTIFICATION  
FOR THE FINANCIAL YEAR ENDING ON MARCH 31, 2020**

This is to certify that:

- B. We have reviewed financial statements for the financial year ended March 31, 2020 and the cash flow statement for the year and that to the best of our knowledge and belief :
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- C. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- D. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- E. We have indicated to the auditors and the Audit Committee:
1. There has not been any significant change in internal control over financial reporting during the year 2019-20;
  2. There has not been any significant change in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
  3. There have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Umesh Dongre**  
Director [Finance] & CFO

**S. C. Mudgerikar**  
Chairman & Managing Director

Place: Mumbai  
Date: 29.05.2020

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,

The Members of  
**Rashtriya Chemicals and Fertilizers Limited**  
Priyadarshini, Eastern Express Highway,  
Sion, Mumbai 400 022

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Rashtriya Chemicals and Fertilizers Limited** having CIN: **L24110MH1978GOI020185** and having registered office at Priyadarshini, Eastern Express Highway, Sion, Mumbai 400022 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment
1	Mr. Shrinivas Chandrashekhkar Mudgerikar	03498837	01.10.2019
2	Mr. Sudhir Dattatraya Panadare	07933191	18.12.2017
3	Mr. Umesh Dongre	08039073	09.02.2018
4	Mr. Koppurath Ulahannan Thankachen	06946476	11.12.2018
5	Ms. Alka Tiwari	03502306	06.03.2017
6	Ms. Gurveen Sidhu	08121526	18.05.2018
7	Prof. Anil Kumar Singh	08382601	07.03.2019
8	Dr. Shambhu Kumar	07368172	07.03.2019

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

For **Bhandari & Associates**  
Company Secretaries

**S. N. Bhandari**  
Partner  
FCS No: 761; C P No. : 366  
UDIN F000761B000524515

Mumbai | July 29, 2020

## DIRECTOR'S PROFILE

### **Shri S. C. Mudgerikar, Chairman & Managing Director**

Shri S.C. Mudgerikar has taken over charge of Chairman & Managing Director of Rashtriya Chemicals & Fertilizers Ltd. (RCF) w.e.f. October 1, 2019.

Shri Mudgerikar has remained an Indian Railway Traffic Service (IRTS) Officer. He is a Post Graduate Engineer with a Post Graduate Management qualification from IIM Bangalore. He has wide experience in Logistics & Supply Chain Management and has worked in the Indian Railways in various capacities as an IRTS Officer. Before joining RCF, he has worked as Director (Marketing & Corporate Planning) of Central Warehousing Corporation. He has also served the Director on the Boards of CONCOR Air Ltd., National Multi Commodity Exchange, IFFCO-CRWC JV, Maharashtra SWC and West Bengal SWC. He has also worked as Chief Commercial Manager (FS), CPRO, Sr. Divisional Commercial Manager in the Indian Railways & Chief General Manager of CONCOR.

He has received extensive training in the field of Management at some of the world's best Institutes like IIM Bangalore, IIM Kolkata, INSEAD/ Singapore, ICLIF/Malaysia, Syracuse University USA Antwerp Port Training Centre, China-Europe Management School. He has in-depth knowledge about the supply-chain logistics & is also involved in policy making for further development of the field.

### **Shri Sudhir D. Panadare, Director (Technical)**

Shri Sudhir D. Panadare has taken over the Director (Technical) of Rashtriya Chemicals and Fertilizers Limited on December 18, 2017.

Shri Panadare is Chemical Engineer from University Department of Chemical Technology, Mumbai (now known as Institute of Chemical Technology). He is also a certified Energy Auditor by Bureau of Energy Efficiency (BEE). He joined the Company in year 1981 as Management Trainee and rose to the post of Director (Technical). In his long career spanning more than 39 years, he has worked in various capacities in Technical Services, Ammonia plants, Urea Plant & Chemical Plants etc. and in development of the projects of the Company.

Shri Panadare headed the Corporate Department for pre project work of Thal expansion project and other projects and has visited various countries like Denmark, Egypt, USA, Ghana, Vietnam and Turkmenistan for business opportunities. Shri Panadare was leader of RCF team for re-commissioning

of revamped Namrup III Unit of Brahmaputra Valley Fertilizer Corporation Limited.

Prior to elevation to the present post, he was Executive Director (Planning and Project Development) In-charge.

He is an avid reader and has published technical papers in various journals.

### **Shri Umesh Dongre, Director (Finance)**

Shri Umesh Dongre has taken over as Director (Finance) & Chief Financial Officer of Rashtriya Chemicals and Fertilizers Limited on February 9, 2018.

Shri Dongre is a Fellow CMA from the Institute of Cost Accountants of India and belongs to Indian Cost Accounts Service (ICoAS). He has also Masters in Commerce from Osmania University. An officer of ICoAS 1991 batch, he has vast experience of Costing and Pricing of wide variety of products and dealt with project evaluation proposals of Government of India. He has also experience of working on Urea Subsidy in Fertilizer Industry Coordination Committee (FICC). He occupied several important positions as ICoAS officer in Department of Fertilizers, Department of Public Enterprise, Directorate of Sugar and Department of Expenditure, apart from initial working tenure in a CPSE and NABARD.

Prior to joining Director (Finance), Shri Dongre was Advisor (Cost), Department of Expenditure, Ministry of Finance.

He believes that cost efficiency in all operations lead to higher profitability and sustainability of the organisation.

### **Shri K. U. Thankachen, Director (Marketing)**

Shri K. U. Thankachen has taken over as Director (Marketing) of Rashtriya Chemicals and Fertilizers Limited on December 11, 2018.

He is MBA with specialisation in Marketing from Department of Commerce & Management Studies, University of Calicut in the year 1986. Shri Thankachen is a seasoned professional in the field of logistics and warehousing with over 30 years of experience. He started his career with Airports Authority of India in the year 1987 and joined Container Corporation of India Ltd. in the year 1995. He has held various important positions in Marketing, Commercial and Operations functions within CONCOR. He was posted as Chief General Manager, Central Region of CONCOR at Nagpur having jurisdiction of 5 terminals at Nagpur, Bhusawal, Aurangabad, Raipur and



Mandideep from September, 2010 to April, 2012. Thereafter, he was posted as head of the largest Inland Container Depot in Asia at Tughlakabad, New Delhi from April, 2012 to September, 2013.

Prior to joining Director (Marketing), Shri Thankachen was Managing Director of Central Railside Warehouse Company Limited. He attended a one year international management programme organised by International Centre for Promotion of Enterprises, Ljubljana, Slovenia.

#### **Ms Alka Tiwari, Government Nominee Director**

Ms Alka Tiwari, IAS is Government Nominee Director on the Board of the Company w.e.f. March 6, 2017. Ms Tiwari is a 1988 batch of IAS officer and is presently Additional Secretary, Department of Fertilizers, Ministry of Chemicals and Fertilizers, New Delhi. She has held various positions in Government of Jharkhand and Government of India. She also served as Advisor to the NITI Aayog. She has varied and rich experience in Government, in different positions, and has great managerial capabilities.

#### **Ms Gurveen Sidhu, Government Nominee Director**

Ms Gurveen Sidhu is Government Nominee Director on the Board of the Company w.e.f. May 18, 2018. Ms. Sidhu is 1995 batch IA&AS officer presently posted as Joint Secretary, Department of Fertilizers. She has done Chartered Accountant and Certified Internal Auditor. Prior to this, Ms Sidhu was Account General (Economic and Revenue Sector Audit), Gujarat. She has a rich experience of working in the fields of revenues of union and states, public sector undertaking, environmental and its conservation related activities, budgetary control and financial management etc. She has represented Comptroller and Auditor General of India (C & AG) on various Committees on Institute of Chartered Accountants of India (ICAI), Delhi. She also headed the Strategic Management Unit of C & AG. She was Technical Team Member in the C & AG team that presented the successful bid for audit of WIPO, Audit of Indian Embassies in Europe and Central Asia. She has knowledge of International and domestic Accounting and auditing standards, principles and practices for both Public and Private Sector.

#### **Prof. Anil Kumar Singh, Independent Director**

Professor Anil Kumar Singh is appointed as an Independent Director on the Board of the Company, w.e.f. March 7, 2019.

Prof. Singh, a former Professor of Chemistry in the highest academic grade from the Indian Institute of Technology (IIT) Bombay, embodies wealth of expertise and experience in

science and technology (S&T) education and research, policy and project formulation, implementation, and academic administration. With teaching/ research/ administrative career spanning over more than four decades, He has worked at IIT Bombay in several key capacities and participated in drawing-up and developing academic policies and programmes of education and research, and expansion of collaborations both in India and abroad. Apart from IIT Bombay, Prof. Singh has been associated in multiple capacities with other national and international educational institutions, R&D organizations, Government bodies, prestigious S&T academies and professional societies, administrative and policy making bodies, to drive organizational excellence. He has also held the position of Director, CSIR-Regional Research Laboratory (present-day North-East Institute of Science & Technology) Jorhat; and, Vice-Chancellor of two major universities viz., Bundelkhand University and the University of Allahabad (a Central University).

Prof. Singh has been a mentor to a large number of graduate and undergraduate students, who now occupy responsible positions in academia and industry in India and abroad. A scientist and academician of international repute, Prof Singh also has to his credit large number of original research and scholarly articles published in high impact journals. His research interests and experiences are vast and varied, and span over several areas of chemical and allied sciences.

He is widely travelled and delivered large number of invited, plenary/ keynote/ distinguished speaker talks in prestigious gatherings of academicians and scientists in conferences, and in teaching and research centres of higher learning in India and abroad. His endeavours and contributions are duly recognized by academic and research organizations, government and corporate bodies, prestigious science academies and professional societies, by awards and honours.

#### **Dr. Shambhu Kumar, Independent Director**

Dr. Shambhu Kumar is appointed as an Independent Director on the Board of the Company w.e.f. March 7, 2019.

Dr. Shambhu Kumar is Bachelor of Arts from HP University Shimla and completed Ph. D from Jamia Millia Islamia, New Delhi.

He has vast experience in Indian Government development programme such as Bihar Rural Livelihood Programme (BRLP), National Food for Work Programme (NFFWP), Jharkhand Tribal Development Programme (JTDP), Chhattisgarh Tribal Development Programme (CTDP), Pradhan Mantri Gramin Sarak Yojna (PMGSY) & different Rural Development programme. He worked for the

evaluation study of the impact of micro-credit scheme of National Handicapped Finance and Development Corporation (NHFDC) & National Minority Development Finance Corporation (NMDFC), Sankat Haran Bima Yojna of KRIBHCO. He has completed research in Watershed project and SWA-SHAKTI (Rural women Development and Empowerment project, RWDEP).

He was the coordinator of bilateral trade between Thailand & Uttar Pradesh, coordinator of Thailand government for 2018 Uttar Pradesh investor Summit (Lucknow) & ASEAN- India Business summit in New Delhi, visited Bangkok as a guest for ASEAN - India Expo & Forum.

He is CEO of M/S Subansiri Development Private Limited and Director of Village Boy Production Private Limited.

**Smt. Shashi Bala Bharti, Independent Director**

Smt. Shashi Bala Bharti is appointed as an Independent Director on the Board of the Company w.e.f. June 25, 2020.

Smt Shashi Bala Bharti holds a degree of Master of Arts from Agra University and Bachelor of Education from Kanpur University.

She is an eminent parliamentarian and was former member of Uttar Pradesh Legislative Assembly. She has been associated with social activities and also associated with women welfare for the last 27 years. Currently, she is a Member of Uttar Pradesh State Commission for Women from September 2018.

**Ms Aparna S Sharma, Government Nominee Director**

Ms Aparna S. Sharma is appointed as Government Nominee Director on the Board of the Company w.e.f. September 1, 2020.

Ms Aparna S. Sharma, Joint Secretary, Department of Fertilizers, Ministry of Chemicals and Fertilizers, Govt. of India. She is a post graduate in English Literature from Delhi University and a 1990 batch CSS Officer. She has over 30 years of work experience in various Ministries of Government of India including Department of Higher Education, Health and Family Welfare, Personnel and Training. Finance and Urban Development. She has handled a range of subjects while handling portfolios of varied nature relating to intellectual property rights, infrastructure development, policy formulation, scheme implementation, drafting legislation and work of regulatory nature. She has written several articles and made presentations at national and international workshops as part of official duties.

## CERTIFICATE OF COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To

The Members of  
**Rashtriya Chemicals and Fertilizers Limited**

We have examined the compliance of conditions of Corporate Governance by **Rashtriya Chemicals and Fertilizers Limited** (“the Company”) for the year ended March 31, 2020, as stipulated in chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations except that *the Company does not have the requisite number of Independent Directors including independent Woman Director on its Board required under Reg. 17(1) of Listing Regulations. Further Company does not have requisite number of Independent Director in its Nomination and Remuneration Committee as required under Reg. 19(1) of Listing Regulations as on March 31, 2020.*

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.

For **Bhandari & Associates**  
Company Secretaries

**S. N. Bhandari**  
Partner  
FCS No: 761; C P No. : 366

Mumbai| July 29, 2020

UDIN : F000761B000524537

# STANDALONE FINANCIAL STATEMENTS

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

#### Report on the Standalone IND AS Financial Statements

#### Opinion

We have audited the accompanying standalone Ind AS financial statements of **RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED** ("the Company"), which comprises the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of cash flows for the year ended March 31, 2020, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

#### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone IND AS Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (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 made 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 IND AS financial statements.

#### Emphasis of Matters

a) **Note No. 47 – Subsidy Income:** DoF vide its Notification dated March 30, 2020 has removed the ambiguity with respect to eligible compensation on revision in fixed costs effective from April 2, 2014 under Modified NPS III. Accordingly, Company has recognised subsidy income based on the assessment of its eligibility and provided

for certain anticipated recoveries by DoF towards final adjustments on NPK fertilizers and receivables, recognised earlier on estimated basis, being doubtful of settlement. The net impact of the same works out to ₹342.92 Crore receivable from FICC/DoF.

- b) **Note No 48 - Use of domestic gas for manufacture of nutrient "N":** The matter relating to the issue of unintended benefits accruing to units using domestic gas for manufacture of nutrient "N" has been referred and is pending before an Inter-Ministerial Committee (IMC) of Government of India (GoI). It is expected that a decision on the matter would be taken soon by the IMC. Initially subsidy amounting to ₹198.94 Crore was withheld by DoF, which has been released in full upon submission of its claims along with bank guarantee for equivalent amount by the Company.
- c) **Note No 49 - Gas pooling applicable to Fertilizer (Urea) sector:** Consequent to Gas pooling being made applicable to Fertilizer (Urea) sector w.e.f. June 1, 2015, it is expected that a differential pricing of gas may be made applicable for non-urea usage. Company has represented to DoF for maintaining supply of domestic gas for P&K fertilizers and chemicals. Ministry of Petroleum & Natural Gas (MoPNG) vide its order No. L-13013/3/2012-GP-I, dated: December 16, 2015 has directed GAIL (India) Limited to levy a higher gas price (i.e. the highest rate of RLNG used for production of urea) for gas consumed in non-urea operations. As the matter relating to the same is pending before the IMC for decision, the Company has represented that any decision on the same be taken only upon the issue being settled by the IMC of GoI. However, pending finalization of price payable as per the said letter, Company is recognizing liability based on the difference between domestic gas price and pool / market price of gas for its non-urea operations. The difference is provided considering domestic gas first for urea operations on cumulative basis for the year and the balance if any, for non-urea operations and accordingly there is no impact for the year ended March 31, 2020. The Company has recognised a liability of ₹211.79 Crore for the period commencing from June 1, 2015 to March 31, 2020 (₹211.79 Crore upto March 31, 2019) on this account.

The Company has entered into a contract for procurement of market priced gas for non-urea operations at Trombay unit, effective from May 16, 2016.

Pursuant to the said order, GAIL has sought a differential levy amounting to ₹1442.84 crore for the period commencing from July 1, 2006 till March 31, 2017 and

has initiated arbitration proceeding towards non-payment of the same. The Company has represented this matter to Department of Fertilizers for dispute resolution as the matter relating to the same is pending before the IMC of GoI. The said matter has been currently referred to Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD) on May 22, 2018.

- d) **Note No 50 - Gas Turbine Generator (GTG) plants at Thal unit:** On 20<sup>th</sup> and March 22, 2019 respectively, both the Gas Turbine Generator (GTG) plants at Thal unit stopped operating. Upon failure, the matter was taken up with the LSTK contractor who had supplied the turbines for repair, as the same were covered under warranties. The matter was referred by the LSTK contractor for repairs to the Original Equipment Manufacturer (OEM) who had indicated a total estimated expenditure of about 98 Million SEK (₹74.51 crore excluding taxes and duties).

In the best interests of the Company, based on the acceptance of Notice to Proceed as proposed by the LSTK contractor, the equipment have been sent for repair to the foreign Original Equipment Manufacturer (OEM) which are to be received back as at the Balance Sheet date. As per the Notice to proceed, the final settlement of the repair costs can either be decided mutually or in the event not agreed upon, the settlement of disputes clause as per contract can be invoked.

As the equipment are covered under warranties, the Company is of the view that no additional costs would devolve on the Company. Further the Company has initiated arbitration proceedings towards the LSTK contractor citing loss of profits owing to higher energy costs, higher maintenance costs etc.

In the meanwhile, the Company has procured a Gas generator and commissioned a Gas Turbine Generator plant in August 2019 to mitigate future losses.

- e) **Note No 56.2) a): Inter Corporate Deposit (ICD) advanced to Fertilizers and Chemicals Travancore Ltd.** The amount of ₹25.50 crore being the share of contribution of Fertilizers and Chemicals Travancore Ltd. (FACT) - a 50% JV partner in FACT-RCF Building Products Ltd (FRBL) paid by RCF towards one-time settlement entered into between FRBL and their bankers resulting in discharge of Corporate Guarantee given by Company to FRBL bankers has been reported under Inter Corporate Deposit (ICD). This ICD along with interest outstanding for the half year ending March 31, 2020 amounting to ₹1.09 crore has not been provided for, considering improvement in FACT's financial

position and the Company is confident of settlement of the ICD given. FACT is a Government owned Entity and outstanding interest has been settled by them in May 2020. Further the Company has entered into an agreement with FACT for the ICD given, wherein FACT shall repay the same in five annual equal instalments commencing from December 2020.

- f) **Note No. 62)1)b) - Contribution to Employee Provident Fund Trust:** Pending finalisation of accounts of the Company's Employees Provident Fund Trust, the investments held by the Trust amounting to ₹92.64 crore have become doubtful as at March 31, 2020 owing to defaults with respect to payment of principal and interest warranting provision towards the same. The same will have to be made good by the Company, as principal employer, in the event there are no adequate assets of the Trust to meet its liabilities as per EPFO Act.

However as per Ind AS 19, for Defined Benefit plans, Company is required to ascertain the present value of the defined benefit obligation and compare with the fair values of the Plan assets to determine the surplus or deficit, if any, as at Balance Sheet date. Deficit, if any, needs to be accounted in the books of the Company. Accordingly, Company has recognized an amount of ₹19.07 crore as contribution to Trust owing to such deficit.

- g) **Note No. 65 - Loss on fair valuation of Transferable Development Rights (TDR):** The loss on account of fair valuation of Transferable Development Rights (TDRs) received /accrued has been reported as exceptional item amounting to ₹100.17 crore. Hitherto, as at 31.03.2019 the Company expecting TDRs to be sold in the coming financial year had classified the same as Non-Current Assets Held for sale. Considering the current depression in the real estate segment which has been further aggravated owing to COVID-19 pandemic, the sale of the same is not highly probable. Accordingly, as per IND AS 105, the TDRs cannot be classified as Non-Current Asset Held for sale and has been reclassified as investment at fair value of ₹31.23 crore for the year ended 31.03.2020.

- h) **Note No. 76- Effects of COVID-19:** We draw attention to Note 76, which describes the impact of the outbreak of coronavirus (COVID-19) on the business operations of the company. In view of highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as the evolve.

Further our attendance at the physical inventory verification done by the management was impracticable



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under the current lockdown restrictions imposed by the government and we have therefore relied on related alternative procedures to obtain comfort over the existence and condition of the inventory at year end.

Our opinion is not modified in respect of these matters.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the standalone

IND AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in our audit are:

1. Revenue Recognition and measurement in respect of subsidy income.
2. Transferrable Development Rights (TDR) – Accounting and Valuation.
3. Estimation of Provision & Contingent Liabilities.
4. Information Technology General Control.

Sr. No.	Key Audit matter	Response to Key Audit Matter
1.	<p><b>Revenue recognition and measurement in respect of subsidy income.</b></p> <p>Recognition of subsidy is generally made on the basis of in principle recognition/approval /settlement of claims from Government of India/Fertilizer Industry Co-ordination Committee while finalizing the financial statements.</p> <p>During the year, Company has recognized an amount of ₹ 95.74 Crore refundable to FICC/DOF towards adjustment to subsidy income on estimated basis. Further, considering the notification issued by DoF dated March 30, 2020, removing the ambiguity in respect of eligible compensation of fixed costs effective from April 2, 2014 under Modified NPS III, Company has recognized net subsidy income of ₹ 342.92 Crore based on the assessment of its eligibility and also provided for certain anticipated recoveries by DoF towards final adjustments of subsidy on NPK fertilizers and other subsidy receivables.</p> <p>MRP of urea being fixed by Government of India, the company is entitled for subsidy wherein certain inputs costs are a pass through and compensation for production beyond a level of production known as Reassessed capacity is restricted to lower of Import Parity Price (IPP) of Urea plus other incidental charges which the government incurs on imported urea, or its own concession price, as determined under extant policies for Urea. Further subsidy income is net of adjustments of recoveries towards sale/transfer for surplus ammonia or non-conversion of entire ammonia into urea.</p> <p>Since there is a time lag between actual expenditure incurred and notification of concession rates for the year, Management exercises significant judgement in arriving at the income entitled on account of same for the year.</p> <p>Therefore, there is a risk of revenue being misstated on account of errors in estimation of concession/IPP rates yet to be notified, due to absence of notification available and change in methodology/ calculation, if any for arriving at price concession.</p>	<p>Our Procedure included:</p> <p><b>Accounting policies and principles:</b></p> <p>We have reviewed the Company's Accounting policies for Subsidy on Urea as mentioned under "Note A. Statement of Significant Accounting policies III(D) Revenue Recognition" of the financial statements and the same is compared with the applicable Ind AS.</p> <p><b>Tests of controls:</b></p> <p>We have evaluated the design, implementation and operating effectiveness of key controls over recognition of subsidy income.</p> <p><b>Tests of details:</b></p> <p>We have verified the supporting documentation for determining that the subsidy was recognized in the correct accounting period and as per notified rates.</p> <p>In absence of notified rates, we have verified calculation of estimated rates based on information available with the Company for such costs which are a pass through.</p> <p>In case estimation of income is based on other parameters like IPP of Urea etc. verification of the same based on available information in public domain.</p> <p>Testing reasonability of assumptions based on past trends, consistency in application and changes in the same owing to change in Government policies</p> <p><b>Performing substantive analytical procedures: -</b></p> <p>Ascertainment and analysis of variations with respect of amounts estimated and actually entitled upon notification with respect to previous years.</p> <p>We also assessed as to whether the disclosures in respect of revenue were adequate.</p>

Sr. No.	Key Audit matter	Response to Key Audit Matter
2.	<p><b>Transferrable Development Rights (TDR) – Accounting and Valuation</b></p> <p>The loss on account of fair valuation of Transferable Development Rights (TDRs) received /accrued has been reported as exceptional item amounting to ₹100.17 crore. Hitherto, as at 31.03.2019 the Company expecting TDRs to be sold in the coming financial year had classified the same as Non-Current Assets Held for sale. Considering the current depression in the real estate segment which has been further aggravated owing to COVID-19 pandemic, the sale of the same is not highly probable. Accordingly, as per INDAS 105, the TDRs cannot be classified as Non-Current Asset Held for sale and has been reclassified as investment at fair value of ₹31.23 crore for the year ended 31.03.2020.</p> <p>Further an amount of ₹75.17 Crore along with interest thereon has not been accounted as per an arbitration award on the said matter as per Note 64 to Standalone Ind AS financial Statement.</p> <p>Management judgement has been exercised in accounting and valuation of the same which is based on the representation and explanation given by the management along with confirmation from a lawyer in respect of matter in dispute and valuation report of an independent valuer.</p> <p>In the absence of any empirical evidence relating to value of TDR's realized by the Company in the past and determination of probability of receipt of TDRs considering present scenario where TDRs is in dispute, these judgements may result in error in estimation which may impact future financial statements.</p>	<p><b>Internal enquiry:</b></p> <p>We enquired of the senior management, and inspected the minutes of the board, and various committees of the board in regard with receipt of TDRs wherever TDRs is in dispute and efforts made by the company for sale of TDR.</p> <p><b>Accounting policies:</b></p> <p>Further, we focused on whether the valuation of TDR has been in accordance as per accounting guidance issued by ICAI and the classification and reporting of the same as per applicable accounting standards.</p> <p><b>Enquiry and confirmation of lawyers:</b></p> <p>In respect of matters which are under dispute as far as TDR is concerned, we have assessed and received confirmation / opinion of Company's in-house Legal Department where ever necessary.</p> <p><b>Tests of controls</b></p> <p>We have evaluated the design, implementation and operating effectiveness of key controls that the management has established for Accounting, classification and valuation of TDR's.</p> <p><b>Tests of details:</b></p> <p>We have relied on report as prepared by independent valuer's and have reviewed the assumptions made by the valuer in it for its acceptability.</p> <p>We also assessed as to whether the disclosures in respect of TDR's were adequate.</p>
3	<p><b>Estimation of Provision &amp; Contingent Liabilities</b></p> <p>In the recognition and measurement of provisions, there is uncertainty about the timing or amount of the future expenditure required to settle the liability.</p> <p>In respect of contingent liabilities, there are estimates and assumptions made to determine the amount to be disclosed.</p> <p>As a result, there is a high degree of judgement required for the recognition and measurement of provisions and disclosure of contingent liabilities.</p> <p>Company has reported Provision and Contingencies amounting to ₹1697.23 Crore in the financial statement.</p> <p>There is a risk of material misstatement that the estimates are incorrect and that the provisions or contingent liabilities are materially misstated.</p>	<p><b>Internal enquiry:</b></p> <p>We enquired of the senior management, and inspected the minutes of the board, and various committees of the board where relevant, for claims arising and challenged whether provisions are required.</p> <p><b>Tests of details:</b></p> <p>In respect of significant claims, we checked the amount of claim, nature of issues involved, management submissions and corroborated the same with external evidence, where available.</p> <p><b>Enquiry and confirmation of lawyers:</b></p> <p>In respect of matters which are under dispute, we have assessed opinion of Company's in-house Legal Department / external lawyers where ever necessary.</p>
4	<p><b>Information Technology Controls</b></p> <p>A significant part of the Company's financial reporting process is heavily reliant on IT systems with automated processes and controls over the capture, storage and extraction of information. A fundamental component of these processes and controls is ensuring appropriate user access and change management protocols exist and being adhered to. These protocols are important because they ensure that access and changes to IT systems and related data are made and authorised in an appropriate manner. As our audit sought to place a high level of reliance on IT systems and application controls related to financial reporting, high proportion of the overall audit effort was in Information Technology (IT) Systems and Controls. We focused our audit on those IT systems and controls that are significant to the Company's financial reporting process.</p>	<p>We focused our audit on those IT systems and controls that are significant to the Company's financial reporting process.</p> <p>We assessed the design and tested the operating effectiveness of the Company's IT controls, including those over user access and change management as well as data reliability.</p> <p>In a limited number of cases we adjusted our planned audit approach as follows:</p> <ul style="list-style-type: none"> <li>- we extended our testing to identify whether there had been unauthorized or inappropriate access or changes made to critical IT systems and related data;</li> <li>- where automated procedures were supported by systems with identified deficiencies, we extended our procedures to identify and test alternative controls; and</li> <li>- where required, we performed a greater level of testing to validate the integrity and reliability of associated data and reporting.</li> </ul>



## Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report, Management Discussion & Analysis Report, Business Responsibility Report and Corporate Governance Report but does not include the financial statements and our 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 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.

When we read the Director's Report, Management Discussion & Analysis Report, Business Responsibility Report and Corporate Governance Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## Responsibilities of Management and Those Charged with Governance for the Standalone IND AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, the financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone IND AS financial statements, management is responsible for assessing the Company's

ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## Auditor's Responsibilities for the Audit of the standalone IND AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone IND AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls 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 standalone IND AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone IND AS financial statements, including the disclosures, and whether the standalone IND AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone IND AS 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 standalone IND AS 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

in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (5) of the Act, we give in "Annexure B" the directions and sub-directions issued by the Comptroller and Auditors General of India, the action taken thereon and its impact on the accounts and financial statements of the Company.
3. Non- Compliance of the SEBI Listing Obligation and Disclosure Requirements (LODR) Regulations, 2015- as per Regulation 17(1)(b), the chairman being an executive director, at least half of the board of Directors should be comprised of Independent Directors including one Women Independent Director. Currently, the Company does not have required number of Independent Directors on its board and no Women Independent Director. (Refer Note 41.1.5 to Financial Statements)
4. 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, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account
  - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".
  - g) With respect to the other matters to be included in the Auditor's Report as per section 143(3)(j):
    - I. in accordance with requirements of section 197 (16) of the act as amended:

As per notification number G.S.R. 463 (E) dated June 5, 2015 issued by Ministry of Corporate Affairs, Section 197 of the Act as regards the managerial remuneration is not applicable to the Company, since it is a Government Company.

II. in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position

in its standalone Ind AS financial statements – Refer Note 41 to the standalone Ind AS financial statements.

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

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

**For CHHAJED & DOSHI**

Chartered Accountants

Firm Registration No. 101794W

**Kiran K. Daftary**

Partner

Membership. No. 010279

UDIN: 20010279AAAAAW3939

**For FORD RHODES PARKS & CO. LLP**

Chartered Accountants

Firm Registration No. 102860W/W100089

**Astha Kariya**

Partner

Membership. No. 122491

UDIN: 20122491AAAABY1392

Place: Mumbai

Dated: May 29, 2020

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

Referred to in Para 1 ‘Report on Other Legal and Regulatory Requirements’ in our Independent Auditors’ Report to the members of the Company on the standalone Ind AS financial statements for the year ended March 31, 2020.

### Statement on Matters specified in paragraphs 3 & 4 of the Companies (Auditor’s Report) Order, 2016:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets with original cost and depreciation written off in respect of identifiable units of assets and where such information for identifiable units of assets is not available, the records show the cost and depreciation written off in respect thereof as a group or class. The items of assets in respect of which quantitative details are not linked with the cost or book value are of small value acquired prior to April 1978 and are fully depreciated particularly in respect of movable items acquired from Fertilizers Corporation of India Limited.
- (b) As explained to us, the physical verification process of fixed assets was initiated by the Company during the year. However, the same could not be completed due to the prevailing COVID 19 situation. Considering the circumstances and the Company’s program of physical verification of fixed assets, the frequency of verification, in our view, is considered to be reasonable.
- (c) According to the information and explanations given to us and on the basis of examination of the records of the company, the title deeds of immovable properties are held in the name of the Company except:

Sr. No.	Total No. of Cases	Type of Assets	Gross Block as at March 31, 2020 (₹ Crores)	Net Block as at March 31, 2020 (₹ Crores)	Remarks
1	2	Free Hold Land –Thal (1,824,903 Sq. Mtr. of land)	1.60	1.60	The Company is in the process of Transferring the title deeds.
2	1	Free Hold Land -Trombay (378,321 Sq. Mtr. of land)	0.24	0.24	The Company is in the process of transferring the title deeds.

- ii. In our opinion and according to the information and explanations given to us, physical verification of finished goods, packing materials and raw materials inside the factory premises has been carried out by the management at reasonable intervals and stock of stores and spare parts has been conducted by them with the help of an independent outside agency in a phased programme so as to complete the verification of all items over a period except for raw material, packing material and finished goods stock at Thal unit, where the planned year-end physical stock check could not take place due to COVID 19 situation. Finished goods and other inventory stored outside the factory premises are taken as per warehousing certificates and third party confirmation respectively. No material discrepancies were noticed on physical verification.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, and limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of sub-clause (a), (b) and (c) of paragraph 3(iii) of the Order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has not advanced any loans or made any investments or provided any guarantees or security to the parties covered under section 185 of the Act. The Company has given loans, made investments in the securities of other body corporate and given guarantees within the limit specified by section 186 of the Act and details of such transactions have been disclosed in the standalone Ind AS financial statements.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any Deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Rules framed there under are not applicable.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148 (1) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- vii. (a) According to the information and explanations given to us and the records examined by us, the Company is generally

regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Goods and Services Tax, Cess and other material statutory dues with the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues in respect of above as on the last day of the financial year for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us and the records examined by us, there are no material dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise and Value added tax outstanding on account of any dispute except:

Sr. No.	Name of the Statute	Nature of Dues	Amount (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
1	Customs Act, 1962	Demand of Customs duty and penalty (Trombay Unit)	25.62	2004-05	Central Excise, Service Tax Appellate Tribunal
2	Customs Act, 1962	Demand of Differential Customs Duty on import of Urea, MOP & DAP (Marketing)	80.77	2009-10	Assistant Commissioner of Customs, Dharamtar, Alibaug
3	Customs Act, 1962	Demand of Differential customs duty on import of Potash (Marketing)	0.16	FY 2012-13	Commissioner of Customs, Mangalore
4	Income Tax Act, 1961	Disallowance of additional depreciation claimed	0.97	AY 2013-14	Commissioner of Income Tax (Appeals)
5	Income Tax Act, 1961	Demand of Tax for Short Deduction / non deduction of TDS	1.19	AY 2008-09 to AY 2020-21	Commissioner of Income Tax (Appeals)
6	Maharashtra Land Revenue Code, 1966	Non Agricultural Tax	0.52	–	Sub Divisional Officer Mumbai Suburban District
7	Central Excise Act, 1944	Demand of Central Excise duty, Interest & Penalty in respect of Naphtha procured at concessional rates used for products which are not exempted (Thal Unit)	2.67	FY 1996-2001	Supreme Court
			3.54	Period from March 2005 to October 2005	Mumbai High Court
			18.61	Period from November 1996 to February 2005 (Interest)	Supreme Court
			17.88	Period from July 2007 to August 2009	Commissioner of Central Excise and Service Tax, Mumbai
		Demand of excise duty on account of Diversion of urea for industrial usages (Thal Unit)	8.93	FY 2010-14	Central Excise and Service Tax Appellate Tribunal, Ahmedabad
Availment of Service Tax Cenvat Credit on Common Input Services(Thal Unit)	19.32	FY 2011-2017	Central Excise and Service Tax Appellate Tribunal, Mumbai		

Sr. No.	Name of the Statute	Nature of Dues	Amount (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
8	Central Excise Act, 1944	Demand of Central Excise duty in respect of Low Sulphur High Stock / Furnace Oil procured at concessional rates used for other than fertilizer products (Trombay Unit)	6.97	September 1989 to December 2015	Commissioner of Central Excise (Appeals)
		Rapid Wall Plaster cleared with Nil Rate of duty (Trombay Unit)	4.94	July 2010 to March 2016	Central Excise and Service tax Appellate Tribunal Mumbai
		Withheld of subsidy on account of Diversion of urea for industrial usages (Trombay Unit)	1.39	2015-16	Central Excise and Service Tax Appellate Tribunal, Ahmedabad
9	Central Excise Act, 1944	Demand for wrong availment of cenvat credit MBPT(Trombay Unit)	0.16	2010-2015	Central Excise and Service tax Appellate Tribunal Mumbai
10	Central Excise Act, 1944	Wrong availment of MODVAT(Trombay Unit)	0.63	May 2000 to Sept 2000	Dy Commissioner of Central Excise and Service Tax
11	Central Excise Act, 1944	Demand of Service Tax on wrong availment of CENVAT credit in respect of input services used in the manufacture of exempted goods (Trombay Unit)	1.21	April 2011 to June 2017	Dy. Commissioner of Central Excise, Customs & Service Tax
12	Service Tax	Demand of Service Tax on supply of Btal wagons (IPD Dept.)	0.27	Period from April 2008 to December 2012	Central Excise & Service Tax Appellate Tribunal, Mumbai
13	Service Tax	Demand of Service Tax on Dispatch Money (Mktg. Dept.)	0.24	FY 2012-2015	Asst. Commissioner of CGST & C.X. Division-1 , Mumbai
14	Service Tax	Demand of Service Tax on LD (Corporate Dept.)	0.78	FY 2012-2015	Central Excise & Service Tax Appellate Tribunal, Mumbai
15	Service Tax	Demand of Service Tax on wrong availment and distribution of CENVAT (Corporate Dept.)	0.41	Period from April 2014 to March 2016	Commissioner Appeals, Mumbai
16	Service Tax	Demand of Service Tax on Handling Charges	0.01	Period from April 2006 to March 2008	Superintendent Service Tax, Aurangabad
17	Service Tax	Demand of Service Tax on supply of wagon to Central Railway (Thal Unit)	3.62	Period from April 2008 to June 2017	Central Excise & Service Appellate Tribunal, Mumbai

Sr. No.	Name of the Statute	Nature of Dues	Amount (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
18	Service Tax	Non-payment of service Tax on Routine Maintenance Charges of private railway Siding (Thal Unit)	1.93	Period from March 2012 to August 2015	Commissioner Appeals, Mumbai
19	Service Tax	Demand of Service Tax on Sponsorship (Marketing Unit)	0.43	Period from September 2012 to March 2015	Asst. Commissioner of Central Excise & Service Tax
20	Service Tax	Demand on Dispatch Money (Corporate Unit)	0.54	Period from September 2012 to March 2015	Asst. Commissioner of Central Excise & Service Tax
21	Service Tax	Demand of Service Tax on Sponsorship (Corporate Unit)	1.07	Period from September 2012 to March 2015	Asst. Commissioner of Central Excise & Service Tax
22	Service Tax	Demand on LD(Trombay Unit)	1.65	September 2012 to March 2015	Asst. Commissioner of Central Excise & Service Tax.
23	Service Tax	Demand on Despatch Money (Trombay Unit)	1.53	September 2012 to March 2015	Asst. Commissioner of Central Excise & Service Tax.
24	Service Tax	Service Tax on CS Deputation Manpower	0.10	2008-2014	Asst. Commissioner of Central Excise & Service Tax.

- viii. According to information and explanation given to us and based on examination of the records, the Company has not defaulted in repayment of loans or borrowings to bank. The Company does not have any dues to financial institution, government or debenture holders.
- ix. The Company has not raised money through initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us and based on the documents and records examined by us on an overall basis, the term loans obtained by the Company were applied for the purpose for which the loans were obtained.
- x. During the course of our examination of the books of account and records of the Company, and according to the information and explanation given to us and representations made by the Management, no material fraud by or on the Company by its officers or employees, has been noticed or reported during the year.
- xi. As per notification number G.S.R. 463 (E) dated June 5, 2015 issued by Ministry of Corporate Affairs, Section 197 of the Act as regards the managerial remuneration is not applicable to the Company, since it is a Government Company.
- xii. In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Accordingly, provisions of paragraph 3(xii) of the Order are not applicable.
- xiii. According to the information and explanation given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

- xv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with the directors or persons connected with him. Hence the provisions of Section 192 of the Act are not applicable.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934, hence the provisions of paragraph 3(xvi) of the Order are not applicable.

**For CHHAJED & DOSHI**  
Chartered Accountants  
Firm Registration No. 101794W

**For FORD RHODES PARKS & CO. LLP**  
Chartered Accountants  
Firm Registration No. 102860W/W100089

**Kiran K. Daftary**  
Partner  
Membership. No. 010279  
UDIN: 20010279AAAAAW3939

**Astha Kariya**  
Partner  
Membership. No. 122491  
UDIN: 20122491AAAABY1392

Place: Mumbai  
Dated: May 29, 2020



## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

Referred to in Para 2 ‘Report on Other Legal and Regulatory Requirements’ in our Independent Auditor’s Report to the members of the Company on the standalone Ind AS financial statements for the year ended March 31, 2020.

**Report on the Directions and Sub-directions issued by the Comptroller and Auditors General of India, the action taken thereon and its impact on the accounts and financial statement of the Company under Section 143(5) of the Act:**

### A. Directions

**1. Whether the company has system in place to process all the accounting transactions through IT system? If no, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.**

As per information and explanations given to us, most important functional areas of organization like Financial Accounting, Sales Accounting, Human Resources Information, Payroll, Material/Inventory Management etc. have been computerized. The Company has implemented SAP during 2005-06 in order to make information processing fully integrated and centralized. Following modules have been implemented SAP ERP wherein transactions are processed in an integrated manner.

- Finance & Costing (FI-CO)
- Asset Management (AM)
- Production Planning (PP)
- Plant Maintenance (PM)
- Materials Management (MM)
- Sales & Distribution (SD)
- Cost Object & Profitability Analysis (CO-PA)
- Business Warehouse (BW)
- Environment Health & Safety (EHS)
- Township Management
- HR & Pay Roll (HCM- Implemented during the year 2006-07)

In 2010, along with an upgrade of the existing SAP business applications, following new solutions were also implemented

- SAP Enterprise portal (Employee Self Service/Manager Self Service)
- Governance, Risk and Compliance

Attendance recording system is another subsidiary system specifically developed to meet the requirements of the Company for recording attendance of unionized category employees of the Company. The attendance data from this system is directly uploaded in SAP for payroll processing.

The IT system has been also configured to meet the compliance and business requirements as mandated by applicability of Ind AS and Goods and Services Act.

Thus, the IT system enables integrated processing of most of the accounting transactions. However certain accounting transactions relating to subsidy income, recording of transactions relating to borrowings payment of interest etc., corporate taxes, valuation of finished goods inventory as per principles of Ind AS and certain year end provisions are processed directly in the Finance module of the SAP IT system as these transactions are standalone to finance. Such transactions and balances are adequately supported by relevant documents maintained / calculations maintained in Excel work books. A maker checker protocol is also followed to check the calculations and the effect of the entries are posted in SAP system.

Further based on the information processed in SAP system, such data is extracted to for preparation and presentation of financial statements as per Schedule III of Companies Act. Proper checks and controls are exercised so that the information presented is in consonance with the base data extracted from the SAP system.

2. **Whether there is any restructuring of an existing loan or cases of waiver / write off of debts / loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.**

Based on audit procedure performed by us and as per the information and explanation given to us, there is no restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan.

3. **Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.**

As per information and explanations given to us, Company has not received any funds for specific schemes from central/ state agencies during the year.

**B. Sub-directions**

1. **State the area of land under encroachment and briefly explain the steps taken by the Company to remove encroachments.**

To the best of our knowledge and belief and according to the information and explanations given to us, instances of encroachment of land have been observed at Trombay unit which are as under:

- i. Approx. 5 acres of land which is in the name of RCF has been encroached since the time of FCI. The value of the land cannot be determined exactly. RCF has approached the agencies like MMRDA for development of this land.
- ii. Approx. 15 Acres is under slum/encroached since 1980. Slums from other pockets were shifted on this land and is without clear title in favor of RCF. The matter is taken up with appropriate authorities for obtaining clear title in favor of RCF.

Both the matters are pending in Mumbai High Court for resolution. As explained to us, other than the above there are no cases of encroachment of land at other locations.

2. (i) **Whether subsidy received/recoverable from Government of India has been properly accounted for as per claims admitted?**

Based on the audit procedures performed by us and as per the information and explanations given to us, subsidy received/recoverable from Government of India has been properly accounted for as per claims admitted. In addition to the same, for the rates yet to be notified due to escalations/de-escalations in the cost of inputs and other costs, subsidy has been accounted on estimated basis which is in line with its stated accounting policy of revenue recognition given in notes to the standalone Ind AS financial statements for the year 2019-20.

- (ii) **Whether subsidy received during the year has been reconciled with subsidy disbursed by the Government of India?**

Subsidy received during the year amounting to ₹ 5952.25 Crore is in agreement with the amount disbursed by the Government of India.

3. **Whether the Transferable Development Rights (TDR) from Maharashtra Government properly valued and accounted for.**

As per explanation and information given to us, Transferable Development rights have been properly valued and accounted for, summary of the same is as follows:

Particulars	2019-20			2018-19			Change
	Land	TDR	TDR Value	Land	TDR	TDR Value	
	Sq. Mt.	Sq. Mt.	₹ Crore	Sq. Mt.	Sq. Mt.	₹ Crore	₹ Crore
TDR Received: MMRDA	8,265	16,530	12.62	8,265	16,530	55.50	-42.89
<b>TDR Accrued:</b>							
MMRDA	40,585	11,799	9.00	40,585	11,799	30.96	-21.95
MCGM (Refer Note 1)	6,320	13,273	9.70	7,000	15,400	45.03	-35.33
TDR Dispute (Refer Note 2)	22,173	–	–	22,173	–	–	–
<b>Total</b>	<b>77,343</b>	<b>41,602</b>	<b>31.32</b>	<b>78,023</b>	<b>43,729</b>	<b>131.49</b>	<b>-100.17</b>

Note:

- During the year 2019-20, the land handed over to MCGM was measured by CTSO and the measurement arrived at is 6320.30 Sq. Mtr as against 7000 Sq. Mtr accounted by the Company in 2018-19. Company has accounted 7000 Sq. Mtr based on provisional letter issued by Chief Engineer, Development Plan, MCGM. Further MCGM has approved grant of TDR of 13273.63 sq. Mtrs which includes bonus @10% as against 20% considered in 2018-19.
- As per Note no. 64 to the “Standalone Ind AS Financial Statement,” the Company had received an arbitration award in its favor of compensation claimed in respect of transfer of land to Mumbai Metropolitan Regional Development Authority (MMRDA) on May 23, 2018. As per the Award, the Company is eligible for additional compensation either in the form of Cash or TDRs amounting to ₹75.17 Crore along with interest @ 9% thereon from March 31, 2015 till the date of realization of award. As the award is being appealed against MMRDA, pending final outcome of the same, the Company has not recognised any income accruing on account of the same.

**For CHHAJED & DOSHI**

Chartered Accountants

Firm Registration No. 101794W

**Kiran K. Daftary**

Partner

Membership. No. 010279

UDIN: 20010279AAAAAW3939

**For FORD RHODES PARKS & CO. LLP**

Chartered Accountants

Firm Registration No. 102860W/W100089

**Astha Kariya**

Partner

Membership. No. 122491

UDIN: 20122491AAAABY1392

Place: Mumbai

Dated: May 29, 2020

## ANNEXURE “C” TO THE INDEPENDENT AUDITOR’S REPORT

Referred to in Para 3 (f) ‘Report on Other Legal and Regulatory Requirements’ in our Independent Auditor’s Report to the members of the Company on the standalone Ind AS financial statements for the year ended March 31, 2020.

### **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 respect to financial statements of **RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED** (“the Company”) as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control with respect 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 (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 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 Act.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls with respect to Financial Statement based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, 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 ICAI. 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 respect to financial Statement 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 system with respect to financial Statement and their operating effectiveness.

Our audit of internal financial controls with respect to financial Statement included obtaining an understanding of internal financial controls with respect to financial statement, 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 judgment, 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 system with respect to financial statement.

#### **Meaning of Internal Financial Controls with respect to Financial Statement**

A Company’s internal financial control with respect to financial statement is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control with respect to financial statement 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the Ind AS financial statements.



साथ बड़े सामुदाय की ओर

### **Inherent Limitations of Internal Financial Controls with respect to Financial Statement**

Because of the inherent limitations of internal financial controls with respect to financial statement, 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 respect to financial Statement to future periods are subject to the risk that the internal financial control with respect to financial statement 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 control with respect to financial statement system and such internal financial controls with respect to financial statement were operating effectively as at March 31, 2020, based on the internal control with respect to financial statement 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 CHHAJED & DOSHI**

Chartered Accountants

Firm Registration No. 101794W

#### **For FORD RHODES PARKS & CO. LLP**

Chartered Accountants

Firm Registration No. 102860W/W100089

#### **Kiran K. Daftary**

Partner

Membership. No. 010279

UDIN: 20010279AAAAAW3939

#### **Astha Kariya**

Partner

Membership. No. 122491

UDIN: 20122491AAAABY1392

Place: Mumbai

Dated: May 29, 2020

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE STANDLONE  
FINANCIAL STATEMENTS OF RASHTRIYA CHEMICALS AND FERTILIZERS  
(RCF) LIMITED FOR THE YEAR ENDED 31 MARCH 2020**

The preparation of financial statements of Rashtriya Chemicals and Fertilizers (RCF) Limited (Standalone) for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 29 May 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Rashtriya Chemicals and Fertilizers (RCF) Limited for the year ended 31 March 2020 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

For and on the behalf of the  
**Comptroller & Auditor General of India**

**(Amitabh Prasad)**  
Principal Director of Audit  
(Agriculture, Food & Water Resources)  
New Delhi

Place: New Delhi

Date: 08.09.2020

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2020

Particulars	Note No.	₹ Crore	
		AS AT 31.03.2020	AS AT 31.03.2019
<b>ASSETS</b>			
<b>1. NON CURRENT ASSETS</b>			
(a) Property, Plant and Equipment	1	2121.30	1942.71
(b) Capital Work in Progress	1.4	433.49	275.69
(c) Investment Property	2	6.10	6.29
(d) Intangible Assets	3	2.62	0.99
(e) Financial Assets			
(i) Investments	4	263.00	86.34
(ii) Trade Receivables	5	—	—
(iii) Loans	6	20.53	0.27
(iv) Others	7	—	—
(f) Other non-current assets	8	203.70	297.26
		<b>3050.74</b>	<b>2609.55</b>
<b>2. CURRENT ASSETS</b>			
(a) Inventories	9	949.94	1478.78
(b) Financial Assets			
(i) Trade Receivables	10	4551.23	4552.54
(ii) Cash and Cash Equivalents	11	2.07	3.59
(iii) Bank balances other than (ii) above	12	1.29	1.27
(iv) Loans	13	6.50	26.01
(v) Others	14	1655.20	43.88
(c) Other Current Assets	15	83.53	204.87
		7249.76	6310.94
		<b>10300.50</b>	<b>8920.49</b>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>A. EQUITY</b>			
(a) Equity Share Capital	16	551.69	551.69
(b) Other Equity	17	2634.58	2483.01
		<b>3186.27</b>	<b>3034.70</b>
<b>B. LIABILITIES</b>			
<b>1. NON-CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings	18	600.91	425.11
(ii) Trade Payables	19		
(A) total outstanding dues of micro enterprises and small enterprises.		—	—
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		211.79	211.79
(iii) Other Financial Liabilities	20	43.89	43.72
(b) Provisions	21	188.55	181.46
(c) Deferred Tax Liabilities (Net)	22	196.94	280.33
(d) Other non-current liabilities	23	39.11	38.28
		<b>1281.19</b>	<b>1180.69</b>

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2020**

Particulars	Note No.	₹ Crore	
		AS AT 31.03.2020	AS AT 31.03.2019
<b>2. CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings	24	4076.87	2885.47
(ii) Trade Payables	25		
(A) total outstanding dues of micro enterprises and small enterprises.		36.81	24.67
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		959.92	1129.13
(iii) Other Financial Liabilities	26	482.54	451.18
(b) Other Current Liabilities	23	81.51	72.82
(c) Provisions	27	142.14	141.83
(d) Current Tax Liabilities (Net)	28	53.25	–
		<b>5833.04</b>	<b>4705.10</b>
		<b>10300.50</b>	<b>8920.49</b>

**TOTAL EQUITY AND LIABILITIES**

Statement of Significant Accounting Policies  
Explanatory Information on Financial Statements

A  
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For and on behalf of the Board of Directors

**RASHTRIYA CHEMICALS AND FERTILIZERS LTD.**

**(S. C. Mudgerikar)**

Chairman & Managing Director

DIN : 03498837

**(Umesh Dongre)**

Director (Finance)

DIN : 08039073

**(J. B. Sharma)**

Company Secretary

Membership No: FCS5030

Dated : 29th May, 2020

Place: Mumbai

As per our report of even date attached

**For Chhajed & Doshi**

Chartered Accountants

Firm Regn. No. 101794W

**(Kiran K. Daftary)**

Partner

Membership No: 010279

Dated : 29th May, 2020

Place: Mumbai

**For Ford Rhodes Parks & Co. LLP**

Chartered Accountants

Firm Regn. No. 102860W / W100089

**(Astha Kariya)**

Partner

Membership No: 122491





साथ बड़े समृद्धि की ओर

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

₹ Crore

Particulars	Note No.	Year Ended 31.03.2020	Year Ended 31.03.2019
I Revenue from Operations	29	9697.95	8885.47
II Other Income	30	128.65	81.99
<b>III Total Income(I+II)</b>		<b>9826.60</b>	<b>8967.46</b>
<b>IV Expenses:</b>			
Cost of Materials Consumed	31	3776.22	3880.01
Purchases of Stock in Trade	32	294.43	798.15
Changes in Inventories of Finished Goods and Stock in Trade	33	603.25	(605.27)
Employee benefits expense	34	617.26	591.41
Finance costs	35	237.82	155.85
Depreciation and amortization expense / Impairment	36	171.04	155.69
Other Expenses	37	3823.48	3779.81
<b>Total Expenses</b>		<b>9523.50</b>	<b>8755.65</b>
<b>V Profit before exceptional items (III-IV)</b>		<b>303.10</b>	<b>211.81</b>
VI Exceptional Items	38	100.17	(23.44)
<b>VII Profit before tax (V-VI)</b>		<b>202.93</b>	<b>235.25</b>
<b>VIII Tax Expense</b>			
(1) Current tax		71.72	57.12
(2) Deferred tax		(77.16)	56.16
(3) Taxation adjustment of earlier years Excess(-)/Short(+)		0.22	(17.20)
<b>IX Profit/ (loss) for the period (VII-VIII)</b>		<b>208.15</b>	<b>139.17</b>
<b>X Other Comprehensive Income</b>	39		
(i) Items that will not be reclassified to profit or loss		(16.27)	8.82
(ii) Income tax relating to items that will not be reclassified to profit or loss		10.90	(3.07)
<b>Other Comprehensive Income for the year (X)</b>		<b>(5.37)</b>	<b>5.75</b>
<b>XI Total Comprehensive Income for the year (IX+X)</b>		<b>202.78</b>	<b>144.92</b>
<b>XII Earnings per equity share</b>			
Basic and Diluted Earnings per share (₹)	58	3.77	2.52
Statement of Significant Accounting Policies	A		
Explanatory Information on Financial Statements	40 - 77		

For and on behalf of the Board of Directors  
RASHTRIYA CHEMICALS AND FERTILIZERS LTD.

**(S. C. Mudgerikar)**  
Chairman & Managing Director  
DIN : 03498837

**(Umesh Dongre)**  
Director (Finance)  
DIN : 08039073

**(J. B. Sharma)**  
Company Secretary  
Membership No: FCS5030

Dated : 29th May, 2020  
Place: Mumbai

As per our report of even date attached

**For Chhajed & Doshi** **For Ford Rhodes Parks & Co. LLP**  
Chartered Accountants Chartered Accountants  
Firm Regn. No. 101794W Firm Regn. No. 102860W / W100089

**(Kiran K. Daftary)** **(Astha Kariya)**  
Partner Partner  
Membership No: 010279 Membership No: 122491

Dated : 29th May, 2020  
Place: Mumbai

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

### A. EQUITY SHARE CAPITAL

₹ Crore

Balance as at 01.04.2019	Changes in equity share capital during the year	Balance as at 31.03.2020	Balance as at 01.04.2018	Changes in equity share capital during the year	Balance as at 31.03.2019
551.69	–	551.69	551.69	–	551.69

### B. OTHER EQUITY

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

₹ Crore

Particulars	Reserves and Surplus		Items of Other Comprehensive Income	Total
	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	
<b>Balance as at 01.04.2019</b>	<b>2437.48</b>	–	<b>45.53</b>	<b>2483.01</b>
Profit for the year	–	208.15	–	208.15
Other Comprehensive Income (Net of Tax)	–	(13.87)	8.50	(5.37)
<b>Total Comprehensive Income for the year</b>	–	<b>194.28</b>	<b>8.50</b>	<b>202.78</b>
Dividend paid (Including Dividend Distribution Tax) Refer note no. 17	–	(51.21)	–	(51.21)
Transfer to General Reserve	143.07	(143.07)	–	–
<b>Balance as at 31.03.2020*</b>	<b>2580.55</b>	–	<b>54.03</b>	<b>2,634.58</b>

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019

₹ Crore

Particulars	Reserves and Surplus		Items of Other Comprehensive Income	Total
	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	
<b>Balance as at 01.04.2018</b>	<b>2340.68</b>	–	<b>37.32</b>	<b>2378.00</b>
Profit for the year	–	139.17	–	139.17
Other Comprehensive Income (Net of Tax)	–	(2.46)	8.21	5.75
<b>Total Comprehensive Income for the year</b>	–	<b>136.71</b>	<b>8.21</b>	<b>144.92</b>
Dividend paid (Including Dividend Distribution Tax) Refer note no. 17	–	(39.91)	–	(39.91)
Transfer to General Reserve	96.80	(96.80)	–	–
<b>Balance as at 31.03.2019*</b>	<b>2437.48</b>	–	<b>45.53</b>	<b>2483.01</b>

\* The closing balance in General Reserve is arrived after adjustment of Remeasurement of Defined Benefit Plans amounting to ₹ 13.87 crore (P.Y. ₹ 2.46 crore) during the year net of current tax amounting to ₹ 4.67 crore (P.Y. ₹ 1.33 crore)

For and on behalf of the Board of Directors  
**RASHTRIYA CHEMICALS AND FERTILIZERS LTD.**

**(S. C. Mudgerikar)**  
Chairman & Managing Director  
DIN : 03498837

**(Umesh Dongre)**  
Director (Finance)  
DIN : 08039073

**(J. B. Sharma)**  
Company Secretary  
Membership No: FCS5030

Dated : 29th May, 2020  
Place: Mumbai

As per our report of even date attached

<b>For Chhajed &amp; Doshi</b>	<b>For Ford Rhodes Parks &amp; Co. LLP</b>
Chartered Accountants	Chartered Accountants
Firm Regn. No. 101794W	Firm Regn. No. 102860W / W100089

<b>(Kiran K. Daftary)</b>	<b>(Astha Kariya)</b>
Partner	Partner
Membership No: 010279	Membership No: 122491

Dated : 29th May, 2020  
Place: Mumbai

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

₹ Crore

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
<b>A Cash Flow From Operating Activities</b>		
Net Profit before tax	202.93	235.25
Adjustments for :		
Depreciation/Loss on impairment of Assets	171.38	156.03
Profit(-) / Loss on sale of Assets	3.21	(1.89)
Interest Income	(41.41)	(17.77)
Dividend Income	(0.20)	(0.32)
Interest and Finance Charges	237.82	155.85
Provision for Bad/Doubtful debts	4.73	24.58
Unrealised Foreign Exchange (Gain) /Loss	13.39	(6.28)
	388.92	310.20
Operating Profit before Working Capital Changes	591.85	545.45
Adjustments for :		
Trade Receivables and Other Assets	(1494.44)	(1636.23)
Inventories	528.84	(737.13)
Trade Payables and Other Liabilities	(145.32)	289.98
	(1110.92)	(2083.38)
Cash Generated from Operations	(519.07)	(1537.93)
Direct Taxes Paid	(10.60)	(98.50)
<b>Net Cash from Operating Activities (A)</b>	<b>(529.67)</b>	<b>(1636.43)</b>
<b>B Cash Flow from Investing Activities</b>		
Additions to Fixed Assets (Net of trade credit)	(425.47)	(302.77)
Sale of Fixed Assets	0.31	4.75
Purchase of Investments -Joint Ventures and Subsidiary	(143.16)	(11.33)
Inter Corporate Advances	-	(19.50)
Interest Received	41.37	17.76
Dividend Received	0.20	0.32
Government Grants Received	-	0.49
	(526.75)	(310.28)
<b>Net Cash from Investing Activities (B)</b>	<b>(526.75)</b>	<b>(310.28)</b>
<b>C Cash Flow from Financing Activities</b>		
Net Proceeds /Repayment of Working capital facilities and short term loans	1181.00	1956.88
Proceeds from Term loans	309.00	267.00
Repayments of Term loans	(139.08)	(87.19)
Interest paid	(241.52)	(151.89)
Dividend paid (including Dividend Distribution tax)	(51.22)	(39.74)
Lease liability paid	(3.28)	-
	1054.90	1945.06
<b>Net Cash from Financing Activities (C)</b>	<b>1054.90</b>	<b>1945.06</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

₹ Crore

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Net Increase/Decrease(-) in Cash and Cash Equivalent (A+B+C)	(1.52)	(1.65)
Cash and Cash Equivalents as at 1st April (Opening Balance)	3.59	5.24
Cash and Cash Equivalents as at 31st March (Closing Balance)	2.07	3.59
Components of Cash and Cash Equivalents		
Cash on hand	0.01	0.01
Balance With Scheduled Banks in Current and Cash Credit Accounts	2.06	3.58
	<b>2.07</b>	<b>3.59</b>

**Note:**

- The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS) 7 on Cash Flow Statement and presents cash flows by operating, investing and financing activities.
- Figures in the Bracket are outflows / deductions.
- Figures of the previous year have been regrouped / rearranged wherever necessary to make it comparable to the current year presentation.
- The cash credit facilities availed from bank are part of financing activity which do not form part of cash and cash equivalents for Cash Flow Statement purpose.

For and on behalf of the Board of Directors

**RASHTRIYA CHEMICALS AND FERTILIZERS LTD.**

**(S. C. Mudgerikar)**

Chairman & Managing Director

DIN : 03498837

**(Umesh Dongre)**

Director (Finance)

DIN : 08039073

**(J. B. Sharma)**

Company Secretary

Membership No: FCS5030

Dated : 29th May, 2020

Place: Mumbai

As per our report of even date attached

**For Chhajed & Doshi**

Chartered Accountants

Firm Regn. No. 101794W

**(Kiran K. Daftary)**

Partner

Membership No: 010279

Dated : 29th May, 2020

Place: Mumbai

**For Ford Rhodes Parks & Co. LLP**

Chartered Accountants

Firm Regn. No. 102860W / W100089

**(Astha Kariya)**

Partner

Membership No: 122491

## A. Statement of Significant Accounting Policies forming Part of Financial Statements for the year ended 31<sup>st</sup> March 2020

### D) Corporate information

The Company is a public company domiciled in India and is incorporated under provisions of the Companies Act applicable in India. Its shares are listed on two recognized stock exchanges in India. The registered office of the Company is located at Priyadarshini, Eastern Express Highway, Sion Mumbai 400022.

The Company is engaged in the manufacturing and marketing of fertilizers and industrial chemicals.

### II) Basis of preparation

a. The standalone financial statements of the Company have been prepared in accordance with accounting standards prescribed under Section 133 of the Companies Act 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other relevant provisions of the Act. Except for the changes below, the Company has consistently applied accounting policies to all periods.

The Company has adopted Ind AS 116 “Leases” with the date of initial recognition being 1st April 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e. lessee and lessor. Ind AS 116 introduces a single accounting model and requires a lessee to recognize assets and liabilities for all leases more than 12 months, unless the underlying asset is of low value.

Company has opted for Modified Retrospective Option for accounting of its leases (except for leases with balance term of less than twelve months (short term) and low-value assets), wherein present value of remaining lease payments for existing operating leases have been calculated using incremental borrowing rate as at date of transition i.e. 01.04.2019. The present value thus arrived at is used to measure Right to Use (ROU) asset at amount equal to liability (adjusted for accruals and prepayments). No adjustment has been made to Retained Earnings. As a result, the comparative information has not been restated.

The Company has made use of the following practical expedient available on transition to IND AS 116

- (i) not to reassess whether a contract is or contains a lease, accordingly the definition of lease in accordance with IND AS 116 and IND AS 17 will continue to be applied to those leases entered or modified before April 1, 2019.
- (ii) The Company has applied a single discount rate, consequently, the Company has recorded the lease liability at the present value of remaining lease payments, discounted using the incremental borrowing rate at the date of transition and the right to use asset for similar amount
- (iii) excluded the initial direct costs from measurement of the RoU asset
- (iv) Not to recognize RoU assets and lease liabilities for leases with balance lease term of less than twelve months and low-value assets on the date of initial application.

b. The standalone financial statements have been prepared under the historical cost and on accrual basis, except for the following:-

- Certain financial assets and liabilities (including Derivative financial instruments) measured at fair value
- Certain provisions recognized using actuarial valuation techniques
- Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.
- Transferable development Rights received upon surrender of rights on open land which are measured at fair value.

c. The standalone financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest crores (₹ 00,00,000), except when otherwise indicated.

**d. Significant accounting judgements, estimates and assumptions**

- 1.1 The preparation of the Company's standalone 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 as at the Balance Sheet date.
- 1.2 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. Any revisions to the accounting estimates are recognized prospectively when revised, in current and future periods.

Some of the significant judgements and assumptions exercised are given as under:-

**1.2.1 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 DCF model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed separately.

**1.2.2 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.

**1.2.3 Defined benefit plans**

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation 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, the management considers the interest rates of government bonds in India.

The mortality rate is based on publicly available mortality tables as defined by LIC. Future salary increases is based on Company's assessment based on past trends.

**1.2.4 Subsidy Income**

As per extant policies covering subsidy of Urea, major inputs like cost of energy, water etc. are a pass through in the same. Since the notified rates of subsidy of urea incorporating actual revision takes time, recognition of subsidy is generally made on the basis of in principle recognition/approval / settlement of claims from Government of India/ Fertilizer Industry Co-ordination Committee while finalising the financial statements.

**1.2.5 Provisions for obsolescence**

Provisions towards obsolete/surplus inventory are recognized as per management estimates under the assumption that they may fetch 5% of their book value upon disposal.

**1.2.6 Fair value measurements of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Changes in assumptions could affect the reported value of fair value of financial instruments.

**1.2.7 Application of Discount rates**

Estimates of rates of discounting are done for measurement of fair values of certain financial assets and liabilities, which are based on prevalent bank interest rates and the same are subject to change.

### 1.2.8 Estimates of Useful lives of assets/components

Company has identified significant components of plant and machinery and provides for depreciation over their useful lives as per its technical assessment.

### 1.2.9 Operating Lease

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

Lease arrangements in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

The company has applied IND AS 116 for ascertainment of the same.

## III) Significant accounting policies

### A) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset as current when it is:

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

All other assets are classified as non-current.

The classification of an asset either current or non-current has been made applying the criteria of realization of such assets within a period of 12 months after the reporting date.

Where assets have been fully provided for as doubtful, the same are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.

- It is due to be settled within twelve months after the reporting period , or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

### B) Foreign currencies

The standalone financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency.

#### a. Transactions and Balances

Foreign Currency transactions are accounted at the rates prevailing on the date of transaction. Year-end monetary assets and liabilities are translated at the exchange rate prevailing on the date of the Balance sheet.

Exchange differences arising on settlement or translation of monetary items are recognized in Statement of Profit and loss for the period in which they arise, except for the following:-

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use (i.e. Capital Work in progress), are included in the cost of those assets when they are regarded as an adjustment on account of interest costs on those foreign currency borrowings.
- Non-monetary items that are measured in terms of historical cost in foreign currencies are reported using the exchange rates at the date of the transaction.

#### b. Exemption availed under Ind AS 101:-

Under Indian GAAP, Company had opted to capitalize exchange differences arising on translation of long term foreign currency monetary items in accordance with Para 46A of AS 11.

In accordance with Para D13AA of Ind AS 101, Company has continued with the policy of adjusting exchange differences arising on translation of long-term foreign currency monetary items outstanding as on 31<sup>st</sup> March 2016, related to acquisition of fixed assets, to the cost of the asset and depreciate the same over the remaining useful life of such asset. For this purpose, the Company treats a foreign currency monetary items as “long-term foreign currency monetary item”, if it has a term of 12 months or more at the date of its obligation.

### C) Fair value measurement

The Company measures financial instruments, such as, derivatives, investments in equity instruments, etc. at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the

Company determines whether transfers have occurred between the levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties, unquoted financial assets etc. Involvement of independent external valuers is decided upon annually by the Company. Further such valuation is done annually at the end of the financial year and the impact if any on account of such fair valuation is taken in the annual financial statements.

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

### D) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is recognized upon transfer of control of promised products and services to customers in an amount that reflects the consideration expected to be received in exchange for those products or services.

Revenue, including subsidy, in respect of sale of goods is recognized when control of the goods has transferred, being when the goods are delivered to the buyer, the buyer has full discretion over the goods and there is no unfulfilled obligation that could affect the buyer's acceptance of the goods.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. Amounts disclosed as revenue are inclusive of excise duty and net of returns, rebates, Value added taxes and amounts collected on behalf of third parties.

Volume discounts, pricing incentives and other variable rebates are reduced from revenue. In respect of quantity rebates the Company recognizes the liability based on the estimate of the customer future purchases. Any change in the estimated amount of obligation of discount is accounted in the period in which the change occurs.

Scrap, salvaged/waste materials and sweepings are accounted for on delivery/realization.



### Subsidy

Recognition of Subsidy is generally made on the basis of in principle recognition/ approval/ settlement of claims from Government of India / Fertilizer Industry Co-ordination Committee.

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 as notified by Government of India.

Subsidy on P&K fertilizers is recognized based on Concession rates as notified by the Government of India under Nutrient Based Subsidy Scheme from time to time.

Subsidy on imported Urea is recognized based on lump sum compensation, and other charges receivable from the Government of India, as per terms of agreement.

Uniform freight subsidy on Urea, P&K fertilizers and Imported Urea has been accounted in accordance with the parameters and notified rates.

Subsidy on City Compost is recognized based on rates, as notified by the Government of India.

Subsidy income is recorded based on the quantity sold during the financial year.

Remaining Other Operating revenue/other income are recognized on accrual basis.

### Interest income

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability.

For interest due from customers, vendor's etc. interest income is recognized when no significant uncertainty as to its realization exists and is accounted on time proportion basis at contracted rates.

### Dividends

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

### Rental income

Rental income arising from operating leases is accounted on accrual basis in accordance with the terms of the contract since such charges are structured to increase in line with expected general inflation to compensate for expected inflationary cost.

### Commission Income

For certain arrangements, Company acts as an agent. The role of the Company either as an agent or a principal is determined based on evaluation of the its role as a primary obligor, has the pricing latitude in the said arrangements, its exposure to inventory risks and credit risks, on case to case basis.

### Government grants

Government grants are recognized in statement of profit and loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate and are presented within Other income.

Government grants relating to purchase of property, plant and equipment are credited to Statement of profit and loss on a Straight-line basis over the expected lives of the related assets.

### Others

Insurance and other miscellaneous claims are recognized on receipt/acceptance of claim.

Income from sale of Certified Emissions Reductions (CER's)/Voluntary Emissions Reductions (VER's)/Renewable Energy Certificates (REC's) is recognized on delivery and confirmation of the same by the concerned authorities.

## E) Taxation

Income tax expense for a financial year represents the sum of tax currently payable, adjustments for tax provisions of previous years and deferred tax.

### a. Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax items are recognized in correlation to the underlying transaction either in Other Comprehensive income 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.

#### **b. Deferred tax**

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting period.

#### **c. Current Tax and Deferred Tax**

Current and Deferred tax are recognized in Statement of Profit and loss, except when they relate to items that are recognized in Other Comprehensive Income (OCI) or directly in equity, in which case, the current and deferred tax are also recognized in OCI or directly in equity respectively.

**d.** Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate taxable entity and the same taxation authority.

**e.** In accordance with amendments to the Income Tax Act-1961 and the Finance (No.2) Act 2019, Company has opted for lower rate of Tax as per Section 115BAA which entails payment of tax at lower rates subject to certain disallowances. Upon exercising the option, the Company will not be subject to Minimum Alternate Tax (MAT) as per Income Tax Act. Thus any eligible MAT credit recognized in any previous year and grouped under deferred tax stands reversed.

#### **F) Property, plant and equipment**

All items of property, plant and equipment, including freehold land are initially recorded at cost, net of recoverable taxes and discounts.

The cost includes the cost of replacing part of the property, plant and equipment meeting the recognition criteria and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment upto the date of commissioning of the assets.

Subsequent to initial recognition, property, plant and equipment other than freehold land are measured

at cost less accumulated depreciation and any accumulated impairment losses. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Spares costing (Unit value of ₹10 lacs and above), and other components which are required to be replaced at intervals, meeting the recognition criteria have been classified as Plant and equipment and are depreciated separately based on their specific useful lives.

When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in Statement of Profit and loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Catalysts which are used in commissioning of new projects/plants are capitalized and are amortized based on the estimated useful life as technically assessed. Subsequent issues of catalysts, if any, are treated as inventory.

Projects under which assets are not ready for their intended use are shown as Capital work in progress.

Freehold / Leasehold improvements are considered as property plant and equipment.

Right of use assets are assets taken under an operating lease meeting the criteria laid under Ind AS 116. The value of such assets comprise of the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any.

**Exemption availed under Ind AS 101:-** On transition to Ind AS, Company has elected to continue with the carrying value of all its property plant and equipment existing as at 1<sup>st</sup> April 2015, measured as per previous GAAP (Indian GAAP) and used that carrying value as the deemed cost of the property plant and equipment.

#### a. Depreciation

Depreciation is calculated on a Straight-line basis over the estimated useful lives of the assets on the depreciable amount when such assets are ready for their intended use.

Freehold land has an unlimited useful life and therefore is not depreciated.

Company has identified significant components of plant and machinery and provides for depreciation over their useful lives as per technical assessment, as per Para 4 of Schedule II to Companies Act, 2013. Depreciation on other Tangible assets is provided for as per useful lives prescribed in Schedule II to Companies Act, 2013, except for mobile telephones classified under office equipment's which are depreciated over a period of 3 years.

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value. A maximum residual value of 5% is considered for all assets, except in case of roads, wells and fences, office equipment's and end user computing devices like desk tops, laptops etc. where it is considered as NIL.

Depreciation on additions/deletions to Gross Block is calculated on pro-rata basis from the date of such additions upto the date of such deletions as per useful lives of such assets on Straight Line Basis.

After recognition of impairment loss, the revised carrying amount less residual value of the impaired asset would be depreciated on systematic basis over the remaining useful life of the asset. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

Depreciation on each item of an asset costing less than ₹ 5,000 are depreciated at 100% in the year of capitalization.

The residual values, useful lives and method of depreciation of property plant and equipment are reviewed at each financial year and adjusted prospectively, if any.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the

asset) is included in the Statement of profit and loss in the year the asset is de-recognized.

Assets under construction/Capital Work in Progress included under Property, Plant and equipment are not depreciated as these assets are not yet available for use. However they are tested for impairment if any.

### G) Investment Properties

Investment properties are properties that are held to earn rentals and /or for capital appreciation (including property under construction for such purposes) and not occupied by the Company for its own use.

Investment properties are measured initially at cost, including transaction costs and net of recoverable taxes. The cost includes the cost of replacing parts and borrowing costs if recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on Investment property, wherever applicable, is provided on straight line basis as per useful lives prescribed in Schedule II to Companies Act 2013.

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

**Exemption availed under Ind AS 101:-**On transition to Ind AS, the Company has elected to continue with the carrying value of its Investment Property existing as at 1<sup>st</sup> April 2015, measured as per previous GAAP (Indian GAAP) and used that carrying value as the deemed cost of the same.

### H) Intangible asset

#### a. Recognition and measurement

Intangible assets acquired separately are measured on

initial recognition at cost, net of recoverable taxes. The cost of intangible assets comprises its purchase price, and any cost directly attributable to bringing the asset to its working condition for the intended use. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

**Exemption availed under Ind AS 101:-**For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets existing as on 1<sup>st</sup> April 2015 measured as per the previous GAAP (Indian GAAP) and use that value as its deemed cost as of the transition date.

The Company has no intangible assets with infinite useful lives.

#### b. Amortization

Intangible assets (i.e. software applications) having finite useful lives are amortized over their respective individual estimated useful lives on a STRAIGHT-LINE BASIS, pro-rata from the date the asset is available to the Company for its use. Management estimates the useful life of software applications identified as intangible assets as three years. Any expenses incurred on intangible assets with finite useful lives up to ₹ 1 lakh in each case are being charged off in the year of incurrence.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

### I) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from assets or group of assets (cash-generating units). If any indication exists, 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. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

Company bases its impairment calculation on detailed budgets and forecasts which are prepared for each of its CGU separately.

For all the assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the CGU's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the CGU does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the CGU's in prior years. Such reversal is recognized in the Statement of Profit and Loss.

Impairment losses of continuing operations, including impairment on inventories and right of use assets, are recognized in the Statement of profit and loss.

#### **J) Borrowing costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest cost.

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 accumulated and capitalized upto the date when such assets are ready for their intended use or sale, as part of the cost of the asset.

All other borrowing costs are expensed in the period in which they occur.

Interest income earned on the temporary investment

of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

General Borrowings cost incurred in connection with qualifying assets are capitalized by applying the Capitalization rate on the quantum of such borrowings utilized for such assets.

#### **K) Leases**

The Company evaluates each contract or arrangement at inception, whether it qualifies as lease as defined under INDAS 116. That is, if the contract conveys the right to control the use of asset for a period of time in exchange for consideration.

##### **The Company as a lessee**

The Company assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves—

- (a) the use of an identified asset,
- (b) the right to obtain substantially all the economic benefits from use of the identified asset, and
- (c) the right to direct the use of the identified asset.

The Company at the inception of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets.

As at date of transition i.e. 01.04.2019, Company has opted for Modified Retrospective Option for accounting of its leases (except for leases with balance term of less than twelve months (short term) and low-value assets), wherein present value of remaining lease payments for existing operating leases have been calculated using incremental borrowing rate

##### **Right of use assets**

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets as follows: -

Leasehold land

Motor vehicles and other equipment

The Right to use assets are also subject to impairment as described in the policies with respect to the impairment of non-financial assets.

For lease liabilities at inception, the Company measures the lease liability at the present value of the lease payments to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. Where the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in the statement of Profit and loss.

For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

Lease payments are classified in the Cash flow statement as cash flows relating to Financing activities.

#### **Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised as revenues as per lease terms since such rentals are structured to increase in line with expected general inflation. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

#### **L) Inventories**

##### **a. Assessment of Inventory**

Raw Materials, Intermediary Products, By-Products and Finished Products inside factory premises, in bulk form, are assessed by survey method on a date as close as possible to the Balance Sheet date and the shortages /excesses in the quantities as compared to book stocks are adjusted in the books. Finished goods and other inventory stored outside the factory premises are taken as per warehousing certificates and third party confirmation respectively.

##### **b. Mode of Valuation**

Inventory is valued at lower of cost and net realizable value except in case of by-products, which are valued at, net realizable value.

Gases and slurries, if any, in pipelines at different stages of process are not valued as the same is not practicable.

Certified Emission Reductions (Carbon credits), Renewable Energy Certificates are valued at lower of cost and net realizable value.

##### **c. Basis of Cost**

The cost of manufactured finished goods, bought out products and intermediary products are arrived at based on weighted average cost. Bifurcation of cost of joint products is made on technical estimates.

Cost of raw materials, petroleum products, packing materials, stores and spares, and loose tools is determined on weighted average cost basis.

Provision is made in respect of raw materials, packing materials, stores and spares and petroleum products, wherever appropriate, based on technical estimates, to reflect the impact of obsolescence, damage or other diminution in value.

##### **d. Measurement of Cost / Realizable Value**

###### **Cost of Purchases**

Cost of purchase includes duties, taxes (net of those recoverable) freight and other expenses net of trade discounts, rebates and price adjustments.

###### **Cost of Manufactured goods**

Cost of Manufactured Goods comprises of direct cost, variable production overheads and fixed

production overheads on absorption costing method. Catalysts issued are charged off over their estimated useful lives as technically assessed. Variable production overheads are allocated based on actual production. Variable overheads related to movement of finished products are allocated based on actual dispatches. Fixed overheads are allocated based on higher of the actual production level or normal production level. Average handling and transportation costs incurred to bring the material in its present location and condition is included in valuing stocks in field warehouses and in transit.

### Cost of Traded Fertilizers

It comprises of Cost of Purchases as defined under para L) (d) plus bagging, handling and transportation costs incurred to bring the material in its present location and condition.

### Net Realizable Value

Price of urea is administered by the Government of India by which selling price is fixed for the buyer. The net realizable value for manufactured urea is taken at the applicable price concession (selling price net of dealers' margin plus the applicable subsidy from Government of India) net of variable selling and distribution cost. Net realizable value of off-spec urea is taken at 40% of MRP excluding subsidy.

The net realizable value of phosphatic and potassic fertilizers is taken at the applicable selling prices expected to be realized, net of dealers' margin and variable selling and distribution costs plus the concession as fixed/to be fixed by Government. Net realizable value of off-spec phosphatic and potassic fertilizers is taken at selling price net of dealers' margin and estimated cost of re-processing including transportation cost to factory. The net realizable value of off-spec traded phosphatic and potassic out fertilizers is at 30% of MRP excluding subsidy.

The Net realizable value of imported Urea is the selling price net of dealers' margin and other entitled compensation as contracted with the Government net of variable selling and distribution cost.

The net realizable value of off-spec imported Urea is taken at 40% of MRP excluding subsidy.

Average freight incurred on despatches from silo/factory/ port to godown and other products handling costs is reduced for arriving at the net realizable value in respect of stocks of fertilizers in silo/factory/port.

The net realizable value of non-fertilizer products is taken at lowest selling prices net of variable selling and distribution costs, expected to be realized in future.

### M) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When a provision is expected to be reimbursed, the reimbursement is recognized 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 recognized as finance cost.

### N) Contingencies

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises where a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized but are disclosed where an inflow of economic benefits is probable. The estimation of financial effect in respect of contingent liabilities and contingent assets wherever not practicable, is not disclosed and such fact is accordingly stated.

### O) 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

#### Initial recognition and measurement

All financial assets are recognized initially at fair value. However in case of financial assets that are not recorded at fair value through profit or loss; the

transaction costs that are directly attributable to the acquisition of issue of such financial assets are added to the value of the financial assets.

#### **Subsequent measurement**

Financial assets presently held by the Company are classified as under:-

- Debt instruments at amortized cost
- Debt instruments and derivatives at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income FVTOCI

#### **b. Debt instruments at amortized cost**

A 'debt instrument' is measured at the amortized cost if both of the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the statement of profit or loss. This category generally applies to trade and other receivables.

#### **c. Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit or loss.

#### **d. Equity investments**

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may decide to classify the same as at FVTOCI. The Company makes such election on an instrument-

by-instrument basis upon on initial recognition and same is irrevocable.

Upon classification of equity instruments as at FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investments. 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 statement of profit or loss.

Investments in Joint ventures, subsidiaries and associates are recognized at cost.

**Exemption availed under Ind AS 101:-** On transition to Ind AS, Company has elected to continue with the carrying value of its investments Joint ventures as at 1<sup>st</sup> April 2015, measured as per previous GAAP and used that carrying value as the deemed cost of the same.

#### **e. Derivative financial instruments**

The Company enters into a variety of derivative financial instruments to manage its exposure to interest and foreign exchange rate risks, like foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognized at fair value on the date the derivative contracts are entered into and are subsequently re-measured to their fair value (Mark to Market) at the end of each reporting period. The resulting gain or loss is recognized in the Statement of profit and loss. Company does not designate any of its derivative instruments as hedge instruments. Derivatives are carried as financial assets when fair value is positive and as financial liabilities when the fair value is negative.

Transaction costs incurred for such derivative instruments are charged off to Statement of Profit and Loss on initial recognition.

#### **f. Derecognition**

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to



what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### **g. Impairment of financial assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- i. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- ii. Lease receivables
- iii. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.
- iv. Financial guarantee contracts which are not measured as at FVTPL

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. All cash shortfalls) discounted at the original effective interest rate.

While estimating cash flows, Company considers all contractual terms of financial instrument over the expected life of the financial instrument including cash flows from the sale of collateral held that are integral to contractual terms.

The company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

Based on the same, it recognizes impairment allowance based on lifetime ECL at each reporting date, right from its initial recognition.

Further for the purpose of measuring lifetime ECL allowance for trade receivables the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes in account historical credit loss experience with adjustments for collaterals available and forward looking information, if required.

ECL allowance is not recognized on Subsidy receivables since they are due from Government of India and also on other receivables which are largely due from Government agencies, as the Company does not perceive any risk of default which would be material.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortised cost, trade receivables and lease receivables:

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet.

The allowance reduces the net carrying amount, until the asset meets write-off criteria.

Trade receivables, other receivables, loans and advances are also fully provided for as doubtful upon review on case to case basis, to the extent of such loss considered as incurred.

#### **h. Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition as loans and borrowings, payables, derivatives and financial liabilities at fair value through profit or loss. The Company's financial liability consists of trade and other payables, loans and borrowings, bank overdrafts, financial guarantee contracts and derivative financial instruments.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs, if any.

##### **Subsequent measurement**

The subsequent measurement of financial liabilities of the Company depending on their classification is described below:-

##### **Loans and borrowings including bank overdrafts**

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

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

This category generally applies to interest-bearing loans and borrowings.

##### **i. Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder of the guarantee for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per

impairment requirements of Ind-AS 109 and the amount recognized less cumulative amortization.

##### **Derecognition**

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

##### **P) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

##### **Q) Non – current assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Transferable development Rights having commercial substance, received upon surrender of rights on open land is initially measured at fair value. Their subsequent measurement would be at lower of their carrying amount and fair value less costs to sell, since they are expected to be disposed.

##### **R) Government grants**

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in statement of profit and loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate and are presented within Other income.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future

related costs are recognized in profit or loss in the period in which they become receivable.

Government grants relating to purchase of property, plant and equipment are included in Other non-current liabilities and are credited to profit or loss on a Straight-line basis over the expected lives of the related assets.

In the event of such property, plant and equipment being disposed off before completion of its estimated useful life, the outstanding amount of such capital grant is fully credited to profit or loss in the year of its disposal.

## S) Employee benefits

### a. Short Term Employee Benefits:

All employee benefits payable within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

### b. Retirement benefit costs and termination benefits and other long term employee benefits

#### Defined Contribution Schemes

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Company's defined Contribution made to its Superannuation scheme is charged off to Statement of Profit and Loss on accrual basis.

#### Defined Benefit Plans

##### Provident Fund

Contribution to Provident Fund is accounted for on accrual basis. The Provident Fund contributions are made to a Trust administered by the Company by both the employer as well as employee. The Trust invests in specific designated instruments as permitted by Indian Law. The interest rate payable to the members of the Trust is being administered by the Government. The Company has an obligation to make good the shortfall, if any between the return from the investments of the Trust and the notified interest rate. Further in the event there is a deficit,

owing to the fair valuation of plan assets being lower than defined benefit obligation at the balance sheet date, Company has to fund the shortfall. Such shortfall including shortfall in the interest is recognized in the Statement of Profit and Loss.

#### Gratuity and Post-retirement medical benefits

For Defined Benefit plans comprising of gratuity, post-retirement medical benefits the cost of providing benefits is determined using the **Projected Unit credit method**, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expenses or income; and
- re-measurements

The Company presents the first two components of defined benefit costs in the Statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans

The cost of the defined benefit gratuity plan and other Post employment medical benefits and the present value of gratuity obligation are determined using actuarial valuation techniques.

### Termination Benefits

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

### Other Long term benefits

Liabilities recognized in respect of other long term benefits like leave encashment and long term service awards are measured at the present value of the estimated future cash outflows to be made by the Company (based on actuarial valuation) in respect of services provided by employees upto the reporting date.

## T) Segment Reporting

The Company has recognized the following operating segments, viz Fertilizers, Industrial Chemicals and Trading, the business activities it is primarily engaged into. The same has been done based on the review of the operating results, internal reporting, review of performance, decision making relating to future allocation of resources, policy parameters influencing business etc. carried out by its Chief Operating Decision Maker i.e. Executive Management Committee/Board of Directors.

## U) Prepaid Expenses

Individual expense up to ₹ 1,00,000 is not considered in classifying prepaid expenses.

## V) Research and Developments expenses

Revenue expenditure on Research activity is recognized separately and charged to Statement of Profit and Loss. Expenditure on development activities is capitalized when its future economic benefits can reasonably be regarded as assured.

## W) Earnings per Share (EPS)

Basic earnings per share is calculated by dividing net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Upon discontinuation of an operation the basic and diluted amount per share for the discontinued operation is separately reported, as applicable.

## X) Cash Dividend

The Company recognizes a liability to make cash distributions to shareholders when the distribution is authorized and the same is no longer at the discretion of the Company. As per corporate laws in India, a distribution is authorized when it is approved by the

shareholders. A corresponding amount is recognized directly in equity.

## IV) Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions.

Company has elected to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition measured as per Indian GAAP and use that as its deemed cost as at date of transition. The same is applicable even for Investment property, intangible assets and its investments in Joint venture, associates and subsidiaries.

Company has also reviewed the necessary adjustments required to be done in accordance with paragraph D21 this standard (i.e. adjustments arising on account of decommissioning or restoration liabilities) and has accordingly considered the impact of the same wherever applicable.

The Company has designated unquoted equity instruments held at 1 April 2015 as fair value through OCI.

## V) IND AS implemented during the year

### IND AS 12 Appendix C, Uncertainty over Income Tax Treatments:

On March 30, 2019 Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax credits and tax rates.

The Company has evaluated the effect of the treatment on the financial statements and concluded that there is no impact.

### Amendment to Ind AS 12- Income taxes:

On March 30, 2019 Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, Income Taxes', in connection with accounting for dividend distribution taxes.



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The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transaction or events.

The Company has evaluated the effect of the treatment on the financial statements and concluded that there is no impact.

**Amendment to Ind AS 19- plan amendment, curtailment or settlement:**

On March 30, 2019 Ministry of Corporate Affairs issued amendments to the guidance in Ind As19, 'Employee Benefits', in accordance with accounting for plan amendments, curtailments and settlements. The amendments require an entity-

- To use updated assumptions to determine current service cost and net interest for the remainder of the periods after plan amendment, curtailment or settlement and
- To recognize in profit or loss as part of past service cost, or gain or loss on settlement any reduction in surplus even if that surplus was not previously recognized because of the impact of the asset ceiling.

The Company has evaluated the effect of the treatment on the financial statements and concluded that there is no impact.

**Amendments to Ind AS 109, Financial Instruments:**

The amendments notified to Ind AS 109 pertain to classification of a financial instruments with prepayment feature with negative compensation. Negative compensation arises where the terms of the contract of the financial instrument permit the holder to make repayment or permit the lender or issuer to put the instrument to the borrower for repayment before the maturity at an amount less than the unpaid amounts of principal and interest. Earlier, there was no guidance on classification of such instruments.

The Company has evaluated the effect of the treatment on the financial statements and concluded that there is no impact.

**Amendments to Ind AS 28, Investments in Associates and Joint Ventures:**

As Company is reporting its Net investment in its Joint venture or Associate using Equity Method the Company has evaluated the effect of the treatment on the financial statements and concluded that there is no impact.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020**

₹ Crore

**NOTE NO. 1 – PROPERTY, PLANT & EQUIPMENT**

Sr. No.	Description	DEEMED COST / COST			DEPRECIATION			IMPAIRMENT LOSS			NET BOOK VALUE		
		AS.AT 01.04.2019	Of Additions/ Adjustments *	Of Deductions/ Adjustments	AS.AT 31.03.2020	UPTO 01.04.2019	Provided during the year	On items Sold/ Discarded/ Adjusted	UPTO 31.03.2020	UPTO 01.04.2019	Provided during the year	UPTO 31.03.2020	AS.AT 31.03.2020
a.	Land (Freehold)	10.74	-	-	10.74	-	-	-	-	-	-	10.74	10.74
	Land (Leasehold) ROU	-	10.39	-	10.39	-	0.80	-	0.80	-	-	9.59	-
b.	Buildings	163.13	78.99	0.07	242.05	25.42	9.55	0.01	34.96	0.71	-	206.38	137.00
	Buildings ROU	-	2.68	0.20	2.48	-	0.59	0.04	0.55	-	-	1.93	-
c.	Plant & Machinery	2161.42	246.32	4.16	2403.58	466.98	137.28	0.95	603.31	7.40	2.86	1790.01	1687.04
d.	Furniture & Fixtures	11.63	0.39	0.05	11.97	5.55	1.34	0.03	6.86	-	-	5.11	6.08
e.	Vehicles	3.36	0.68	0.06	3.98	1.98	0.37	0.06	2.29	-	-	1.69	1.38
	Vehicles ROU	-	3.51	-	3.51	-	1.35	-	1.35	-	-	2.16	-
f.	Office Equipments	25.11	0.64	0.08	25.67	14.58	3.21	0.05	17.74	-	-	7.93	10.53
g.	Others												
i)	Roads & Culverts	12.18	2.06	-	14.24	5.37	1.94	-	7.31	-	-	6.93	6.81
ii)	Railway sidings	15.29	-	-	15.29	5.12	0.96	-	6.08	-	-	9.21	10.17
iii)	Water System, Sewerage & Drainage	20.20	0.74	-	20.94	4.27	1.27	-	5.54	-	-	15.40	15.93
iv)	Miscellaneous Equipments	87.61	5.91	0.06	93.46	30.58	8.68	0.02	39.24	-	-	54.22	57.03
	<b>TOTAL</b>	<b>2510.67</b>	<b>352.31</b>	<b>4.68</b>	<b>2858.30</b>	<b>559.85</b>	<b>167.34</b>	<b>1.16</b>	<b>726.03</b>	<b>8.11</b>	<b>2.86</b>	<b>2121.30</b>	<b>1942.71</b>
	Previous Year Figures	2317.08	196.64	3.05	2510.67	405.48	154.73	0.36	559.85	8.11	-	1942.71	1903.49

₹ Crore

1.1	* Additions/Adjustments in PPE include the following		Item of Asset	
	AS AT 31.03.2020	AS AT 31.03.2019	AS AT 31.03.2020	AS AT 31.03.2019
	Exchange Differences		0.46	3.37
	Borrowing Costs		-	-
	<b>TOTAL</b>		<b>0.46</b>	<b>3.37</b>
1.2	Land at Thal included in Gross Block (at cost) at ₹ 4.43 Crore (area measuring 50,52,476 Sq. Mtr.) is subject to final revision in price.			
1.3	Assets offered as security for loans have been provided in Note No 18			
1.4	Capital work in progress		₹ Crore	
			AS AT 31.03.2020	AS AT 31.03.2019
			433.49	275.69

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

₹ Crore

### NOTE NO. 2 – NON-CURRENT ASSETS - INVESTMENT PROPERTY

Description	DEEMED COST / COST			DEPRECIATION			IMPAIRMENT LOSS			NET BOOK VALUE			
	AS.AT 01.04.2019	Of Additions/ Adjustments	Of Deductions/ Adjustments	AS.AT 31.03.2020	UPTO 01.04.2019	Provided during the year	On items Sold/ Discarded/ Adjusted	UPTO 31.03.2020	UPTO 01.04.2019	Provided during the year	UPTO 31.03.2020	AS.AT 31.03.2020	AS.AT 31.03.2019
Land (Freehold)	0.01	-	-	0.01	-	-	-	-	-	-	-	0.01	0.01
Buildings	7.04	-	-	7.04	0.76	0.19	-	0.95	-	-	-	6.09	6.28
<b>TOTAL</b>	<b>7.05</b>	<b>-</b>	<b>-</b>	<b>7.05</b>	<b>0.76</b>	<b>0.19</b>	<b>-</b>	<b>0.95</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.10</b>	<b>6.29</b>
Previous Year Figures	5.53	1.52	-	7.05	0.43	0.16	(0.17)	0.76	-	-	-	6.29	5.10

2.1 The Company's investment properties consist of commercial / residential properties located at Mumbai, Alibaug and Lucknow. The management has determined that the investment properties consist of two classes of assets – land and building.

₹ Crore

### 2.2 Information regarding income and expenditure of Investment Property

	AS AT 31.03.2020	AS AT 31.03.2019
Rental income derived from investment properties	33.97	28.98
Less: Direct operating expenses (including repairs and maintenance) generating rental income	1.36	1.10
Less: Direct operating expenses (including repairs and maintenance) that did not generate rental income	0.17	0.13
<b>Profit arising from investment properties before depreciation and indirect expenses</b>	<b>32.44</b>	<b>27.75</b>
Less: Depreciation	0.19	0.15
<b>Profit arising from investment properties before indirect expenses</b>	<b>32.25</b>	<b>27.60</b>

2.3 Company undertakes expenditure towards Maintenance for upkeep of its properties which also covers the portion relating to Investment Property. The same being not material, no separate disclosure of contracts entered into for maintenance of investment property is given.

2.4 As at 31 March 2020, the fair values of the properties is ₹ 842.58 crore (₹ 840.55 crore as on 31.03.2019). These valuations are based on valuations performed by Ms Anmol Sekhri Consultant Pvt. Ltd, an accredited independent valuer and has worked out the value of the property based on the information and a study of the micro market in discussions with industry experts, local brokers and regional developers.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020**

2.5 Fair value disclosures for investment properties is detailed below

Reconciliation of Fair value		AS AT 31.03.2020	AS AT 31.03.2019
<b>LAND</b>			
Opening balance		232.84	223.60
Fair Value		242.08	232.84
Fair value difference		9.24	9.24
Purchases / Transfers		—	—
<b>Closing balance</b>		<b>242.08</b>	<b>232.84</b>
<b>BUILDING</b>			
Opening balance		607.71	467.54
Fair Value		639.72	606.19
Fair value difference		32.01	138.65
Purchases / Transfers		(39.22)	1.52
<b>Closing balance</b>		<b>600.50</b>	<b>607.71</b>
<b>TOTAL</b>			
Opening balance		840.55	691.14
Fair Value		881.80	839.03
Fair value difference		41.25	147.89
Purchases / Transfers		(39.22)	1.52
<b>Closing balance</b>		<b>842.58</b>	<b>840.55</b>

₹ Crore

**NOTE No. 3 – NON-CURRENT ASSETS - INTANGIBLE ASSETS**

Description	DEEMED COST / COST			AMORTISATION			IMPAIRMENT LOSS			NET BOOK VALUE			
	AS.AT 01.04.2019	Of Additions/ Adjustments	Of Deductions/ Adjustments	AS.AT 31.03.2020	Provided during the year	On items Sold/ Discarded/ Adjusted	UPTO 01.04.2019	UPTO 31.03.2020	Provided during the year	UPTO 01.04.2019	UPTO 31.03.2020	AS.AT 31.03.2020	AS.AT 31.03.2019
Computer Software	12.49	2.62	—	15.11	0.99	—	11.50	12.49	—	—	—	2.62	0.99
<b>TOTAL</b>	<b>12.49</b>	<b>2.62</b>	<b>—</b>	<b>15.11</b>	<b>0.99</b>	<b>—</b>	<b>11.50</b>	<b>12.49</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2.62</b>	<b>0.99</b>
Previous Year Figures	11.77	0.72	—	12.49	1.14	—	10.36	11.50	—	—	—	0.99	1.41

₹ Crore





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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

NOTE NO. 4	“NON-CURRENT ASSETS” “FINANCIAL ASSETS – INVESTMENTS”	₹ Crore	
		AS AT 31.03.2020	AS AT 31.03.2019
<b>Investments in Equity Instruments:</b>			
<b>Unquoted (Fully paid up)</b>			
<b>a Joint Ventures</b>			
Talcher Fertilizers Limited		159.51	16.35
(Formerly known as Rashtriya Coal Gas Fertilizers Limited)			
(15,95,04,807 equity shares (P.Y. 1,63,44,568 equity shares) of ₹10 each)			
(Under lock in period for 5 year from date of commercial operation)			
<b>b Others</b>			
Indian Potash Limited*		72.26	69.99
(6,73,200 equity shares (P.Y.6,73,200 equity shares) of ₹10 each)			
<b>Other Investments (Unquoted)</b>			
<b>Transfer Development Rights</b>		31.23	–
(Refer Note No. 65)			
<b>TOTAL</b>		<b>263.00</b>	<b>86.34</b>

\*Reconciliation of fair value measurement of the investment in unquoted equity shares of Indian Potash Limited (IPL)

	31.03.2020	31.03.2019
Opening balance	69.99	57.38
Total Gains and losses recognised in OCI	2.27	12.61
<b>Closing Balance</b>	<b>72.26</b>	<b>69.99</b>

NOTE NO. 5	“NON-CURRENT ASSETS” “FINANCIAL ASSETS – TRADE RECEIVABLES”	₹ Crore	
		AS AT 31.03.2020	AS AT 31.03.2019
Debtors			
Credit Impaired		1.56	1.87
Less: Provision for doubtful debts		(1.56)	(1.87)
<b>TOTAL</b>		<b>–</b>	<b>–</b>

NOTE NO. 6	“NON-CURRENT ASSETS” “FINANCIAL ASSETS – LOANS”	₹ Crore	
		AS AT 31.03.2020	AS AT 31.03.2019
i. Secured Considered Good : Loans- Employees		0.13	0.27
ii. Unsecured Considered Good : Loan- Other CPSE		20.40	–
iii. Significant Increase in Credit Risk		–	–
iv. Credit Impaired		–	–
<b>TOTAL</b>		<b>20.53</b>	<b>0.27</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

		₹ Crore	
NOTE NO. 7	“NON-CURRENT ASSETS” “FINANCIAL ASSETS – OTHERS”	AS AT 31.03.2020	AS AT 31.03.2019
<b>(i) Advances to Related Parties</b>			
	Considered Doubtful (Refer Note No. 56.1)	36.50	36.50
	Less: Provision	(36.50)	(36.50)
		–	–
<b>(ii) Advance against Equity Pending allotment (Refer Note No. 56.1)</b>			
	Less: Provision towards diminution in value	2.36	2.36
		(2.36)	(2.36)
		–	–
<b>(iii) Others</b>			
	Receivables towards Rent / Services provided		
	Unsecured - Considered Doubtful	4.40	5.84
	Less: Provision for doubtful Receivables	(4.40)	(5.84)
		–	–
	<b>TOTAL</b>	–	–

		₹ Crore	
NOTE NO. 8	“NON-CURRENT ASSETS” “FINANCIAL ASSETS – CURRENT ASSET”	AS AT 31.03.2020	AS AT 31.03.2019
<b>(i) Capital Advances</b>			
	Unsecured -Considered Good	10.31	55.48
<b>(ii) Advances other than capital advances</b>			
<b>a. Security Deposits</b>			
	Unsecured -Considered Good (Refer Note No. 41.1.3)	19.22	19.12
	Considered Doubtful	0.27	0.27
	Less: Provision	(0.27)	(0.27)
		19.22	19.12
<b>b. Loans (Material given on refundable basis) to Related Parties</b>			
	Considered Doubtful	1.37	1.37
	Less: Provision	(1.37)	(1.37)
		–	–
<b>c. Other Advances</b>			
<b>Unsecured -Considered Good</b>			
<b>i. VAT Receivable</b>			
	Unsecured -Considered Good	60.80	107.58
	Unsecured -Considered Doubtful	1.30	1.30
	Less: Provision	(1.30)	(1.30)
		60.80	107.58
<b>ii. Other Advances Considered Doubtful</b>			
	Less: Provision for doubtful advances	3.37	1.62
		(3.37)	(1.62)
		–	–



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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

NOTE NO. 8	“NON-CURRENT ASSETS” “FINANCIAL ASSETS – CURRENT ASSET”	₹ Crore	
		AS AT 31.03.2020	AS AT 31.03.2019
iii.	Advance Income Tax (Net of Provision)	109.60	105.15
iv.	Deposits with customs, Port Trust etc.		
	Unsecured -Considered Good	3.37	2.99
	Unsecured -Considered Doubtful	2.00	2.00
	Less: Provision (Refer Note No. 57)	(2.00)	(2.00)
		3.37	2.99
v.	Prepaid expenses	0.27	1.06
vi.	Lease Premium Prepaid	–	2.48
vii.	Other Miscellaneous	–	3.17
		174.04	222.43
<b>(iii) Others</b>			
	Employee Benefit Asset	0.13	0.23
	<b>TOTAL</b>	<b>203.70</b>	<b>297.26</b>

NOTE NO. 9	“CURRENT ASSETS” “FINANCIAL ASSETS – INVENTORIES”	₹ Crore	
		AS AT 31.03.2020	AS AT 31.03.2019
i.	Raw materials	240.38	272.72
	Raw materials-in-transit	85.51	0.36
	Raw materials (Total)	325.89	273.08
ii.	Finished Goods	233.16	306.02
	Finished Goods-in-transit	50.67	81.70
	Finished Goods (Total)	283.83	387.72
iii.	Stock in Trade/Bought out Products	3.33	121.57
	Stock in Trade/Bought out Products-in-transit	–	375.96
	Stock in Trade/Bought out Products (Total)	3.33	497.53
iv.	Intermediary Products	28.90	35.41
v.	By products	5.77	4.43
vi.	Stores & Spares, packing materials and Petroleum products	327.36	308.23
	Less: Provision for Obsolescence etc./Loss under Investigation (Refer Note No. 52)	(25.14)	(27.62)
		302.22	280.61
vii.	Certified Emission Reduction Credits (CER) / Renewable Energy Certificates (REC) (Refer Note No. 61) (No. of CER Units C.Y. 9,73,738 , P.Y. 9,73,738) (No. of REC Units C.Y. 13 , P.Y. NIL)	–	–
	<b>TOTAL</b>	<b>949.94</b>	<b>1478.78</b>
	<b>Inventory Includes:</b>		
	<b>Stores and Spares</b>		
a)	Under inspection	1.87	0.46
b)	Platinum & Rhodium stolen in earlier year and under investigation which is not available for verification	0.21	0.21
c)	With fabricators	20.12	8.32
	Cost of Inventories Recognised as expense	3866.29	3975.25
	Writedown of Inventories charge to P&L (difference between cost & NRV)	10.03	3.56
	Reversal of writedowns	–	–

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

NOTE NO. 10	“CURRENT ASSETS” “FINANCIAL ASSETS – TRADE RECEIVABLES”	AS AT 31.03.2020	AS AT 31.03.2019
		₹ Crore	
<b>Subsidy Receivable (Unsecured - considered good)*</b>		4248.14	4199.66
<b>Sundry Debtors</b>			
Secured - Considered good		108.87	114.90
Unsecured - Considered good		197.35	239.45
Significant Increase in Credit Risk		0.84	0.30
		307.06	354.65
Less : Provision for expected credit loss **		(3.97)	(1.77)
Total - Sundry Debtors		303.09	352.88
	<b>TOTAL</b>	<b>4551.23</b>	<b>4552.54</b>

\*Includes an amount of ₹ 910.66 crore (P.Y. ₹ 788.17 crore) under special banking arrangement secured by way of specific subsidy claims to be settled by DoF/FICC)

\*\* The company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix. The provision matrix takes into account historical credit loss experience. The expected credit loss (ECL) allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting is as follows.

**ECL % - Ageing**

Not due	0.24	0.25
00 - 90 days	3.06	2.66
91 - 180 days	19.31	15.36
181 - 365 days	58.35	54.63
> 365 days (fully secured)	-	-

**Age of Receivables (₹ Cr)**

Not due - Receivable from GoI (Not tested for ECL)	12.38	-
Not due - Other Debtors	250.18	342.04
00 - 90 days	35.96	9.60
91 - 180 days	6.67	2.00
181 - 365 days	1.69	0.64
> 365 days (fully secured)	0.18	0.37
	<b>307.06</b>	<b>354.65</b>

**Movement in ECL allowance (₹ Cr)**

Balance at Beginning of the year	1.77	3.20
Movement	2.20	(1.44)
Balance at End of the year	3.97	1.77

Out of the total Sundry Debtors, Debtors amounting to ₹ 108.87 Crore as on 31.03.2020 (PY ₹ 114.90 Crore) are secured against collaterals in form of Deposits / Bank Guarantees received and held by the company

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

NOTE NO. 11	“CURRENT ASSETS” “FINANCIAL ASSETS – CASH AND CASH EQUIVALENTS”	₹ Crore	
		AS AT 31.03.2020	AS AT 31.03.2019
<b>Cash and Cash Equivalents</b>			
i.	Balances with Bank	2.06	3.58
ii.	Cash on hand	0.01	0.01
	<b>TOTAL</b>	<b>2.07</b>	<b>3.59</b>

The above cash and cash equivalent have not been pledged

NOTE NO. 12	“CURRENT ASSETS” “FINANCIAL ASSETS – OTHER BANK BALANCES”	₹ Crore	
		AS AT 31.03.2020	AS AT 31.03.2019
i.	Margin money deposit / Bond Money received from Employees	0.42	0.39
ii.	In unpaid Dividend Account *	0.87	0.88
	<b>TOTAL</b>	<b>1.29</b>	<b>1.27</b>

\* Earmarked balances with banks / No amounts are due & payable to Investor Education & Protection Fund

NOTE NO. 13	“CURRENT ASSETS” “FINANCIAL ASSETS – LOANS”	₹ Crore	
		AS AT 31.03.2020	AS AT 31.03.2019
i.	<b>Secured Considered Good</b>		
	Loans- Employees	0.31	0.51
ii.	<b>Unsecured Considered Good (Refer Note No. 56.2)</b>		
	Loan- Other CPSE	6.19	25.50
iii.	Significant Increase in Credit Risk	–	–
iv.	Credit Impaired	–	–
	<b>TOTAL</b>	<b>6.50</b>	<b>26.01</b>

NOTE NO. 14	“CURRENT ASSETS” “FINANCIAL ASSETS – OTHERS”	₹ Crore	
		AS AT 31.03.2020	AS AT 31.03.2019
i.	Finance Lease receivable (Refer Note No. 43)*	–	0.34
ii.	Advance to Related Party	–	0.05
iii.	Derivatives not designated as hedges (receivable)	2.67	0.14
iv.	Interest Accrued	0.20	0.16
v.	Receivables towards Rent / Services provided **	1652.33	43.19
	<b>TOTAL</b>	<b>1655.20</b>	<b>43.88</b>

\* Expected credit loss-NIL

\*\* Includes an amount of ₹ 1598.65 Crore receivable from Government of India towards Import of Urea on Government Account (P.Y. NIL)

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

NOTE NO. 15	“CURRENT ASSETS” “OTHER CURRENT ASSETS”	₹ Crore	
		AS AT 31.03.2020	AS AT 31.03.2019
<b>i. Advances other than capital advances</b>			
<b>Security Deposits</b>			
Unsecured -Considered Good		0.08	0.22
<b>ii. Other Advances</b>			
<b>Unsecured -Considered Good</b>			
i. Contractors		32.77	19.73
ii. Employees		0.29	0.31
iii. GST Receivable (Asset)		38.77	43.37
iv. Prepaid expenses		10.97	9.00
v. Lease Premium Prepaid		–	0.14
<b>Total Other Advances</b>		82.80	72.55
<b>iii. Non Current Assets held for Disposal</b>		0.57	131.97
(Refer Note No. 55 & 65)			
<b>iv. Employee Benefit Asset</b>		0.08	0.13
	<b>TOTAL</b>	<b>83.53</b>	<b>204.87</b>

NOTE NO. 16	“EQUITY” “EQUITY SHARE CAPITAL”	₹ Crore	
		AS AT 31.03.2020	AS AT 31.03.2019
<b>Authorised</b>			
80,00,00,000 Equity Shares of ₹10/- each.		800.00	800.00
<b>Issued, Subscribed and Paid Up</b>			
55,16,88,100 Equity shares of ₹10/- each fully paid up.		551.69	551.69
	<b>TOTAL</b>	<b>551.69</b>	<b>551.69</b>

### RECONCILIATION OF SHARES OUTSTANDING AT THE BEGINNING AND END OF THE REPORTING PERIOD

	31.03.2020		31.03.2019	
	No.	₹ Crore	No.	₹ Crore
<b>EQUITY SHARES</b>				
At the beginning of the year	551688100	551.69	551688100	551.69
Issued during the year	–	–	–	–
Outstanding at the end of the year	551688100	551.69	551688100	551.69

### Terms/Rights Attached to Equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each share holder is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. 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.

### DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES IN THE COMPANY

	31.03.2020		31.03.2019	
	No.	% age of shareholding	No.	% age of shareholding
i. President of India	413769483	75.00	413769483	75.00



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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

NOTE NO. 17	“EQUITY” “OTHER EQUITY”	₹ Crore	
		AS AT 31.03.2020	AS AT 31.03.2019
<b>i. Other Reserves</b>			
<b>General Reserve</b>			
Opening Balance		2437.48	2340.68
Add: Transferred (to) / from Retained Earnings		143.07	96.80
Closing Balance		2580.55	2437.48
<b>Equity Instruments through Other Comprehensive Income Reserve</b>			
Opening Balance		45.53	37.32
Add: Changes in accounting policy as per IND AS (Net of Tax)		–	–
Add: Other Comprehensive Income for the year (Net of Tax)		8.50	8.21
Closing Balance		54.03	45.53
<b>ii. Retained Earnings</b>			
Opening Balance / Adjustments		–	–
Profit for the year		208.15	139.17
Add: Remeasurement of Defined Benefit Plans (Net of Tax) - Actuarial Valuation		(13.87)	(2.46)
Less: Dividends paid (C.Y. ₹ 0.77 per share, P.Y. ₹ 0.60 per share)		(42.48)	(33.10)
Less: Dividend Distribution Tax		(8.73)	(6.81)
Less: Transfer (to) / from General Reserve		(143.07)	(96.80)
Closing Balance		–	–
	<b>TOTAL</b>	<b>2634.58</b>	<b>2483.01</b>

For FY 2019-20, The board of directors have recommended a dividend of ₹ 2.84 per share (P.Y. ₹ 0.77 per share) which is subject to approval of the shareholders. Further the same is not subject to dividend distribution tax as per changes made in Finance Act 2020 (P.Y. ₹ 8.73 crore)

NOTE NO. 18	“NON-CURRENT LIABILITIES” “FINANCIAL LIABILITIES - BORROWINGS”	₹ Crore			
		AS AT 31.03.2020		AS AT 31.03.2019	
		Non Current	Current	Non Current	Current
<b>SECURED</b>					
<b>Term Loan from Banks</b>					
<b>1 Rupee Loan from Banks</b>					
<b>a. Kotak Mahindra Bank Limited</b>		117.65	58.82	176.47	58.82
A loan of ₹ 250 crore availed from Kotak Mahindra Bank is secured by first pari passu charge by way of hypothecation on movable fixed assets (machinery and equipments) of the Ammonia plant situated at Thal to the extent of 1.25 times of the amount borrowed from bank. The rate of interest is linked to 3 months MIBOR (reset after every 3 months) plus fixed margin of 1.11% per annum. Repayment of the said loan would fall due for ₹ 58.82 crore in FY 2020-21, ₹ 58.82 crore in FY 2021-22, ₹ 58.83 crore in FY 2022-23.					
<b>b. Exim Bank</b>		61.94	27.53	89.47	27.53
A loan of ₹ 117 crore availed from EXIM Bank is secured by first pari passu charge by way of hypothecation on movable fixed assets (machinery and equipments) present and future of the Urea Plant situated at Thal to the extent of 1.25 times of the amount borrowed from bank. The rate of interest is linked to 1 year G-sec (reset after every 3 months) plus fixed margin of 1.20% per annum. Repayment of the said loan would fall due for ₹ 27.53 crore in FY 2020-21, ₹ 27.53 crore in FY 2021-22, ₹ 27.53 crore in FY 2022-23 and ₹ 6.88 crore in F.Y 2023-24.					

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

₹ Crore

NOTE NO. 18	“NON-CURRENT LIABILITIES” “FINANCIAL LIABILITIES - BORROWINGS”	AS AT 31.03.2020		AS AT 31.03.2019	
		Non Current	Current	Non Current	Current
<b>c. State Bank of India</b>		297.56	11.44	–	–
	A loan of ₹ 350 crore sanctioned by State Bank of India and availed ₹ 309 crore is secured by first pari passu charge by way of hypothecation on movable fixed assets (machinery and equipments) present and future of the Ammonia 1 Plant, Suphala Plant, Urea Plant, Ammonia V Plant, New Sewage Water Treatment Plant situated at Trombay to the extent of 1.25 times of the amount borrowed from bank. The rate of interest is linked to 3 months MCLR as notified by the bank from time to time. Repayment of the said loan would fall due for ₹ 11.44 crore in FY 2020-21, ₹ 45.78 crore in FY 2021-22, ₹ 45.78 crore in FY 2022-23, ₹ 45.78 crore in F.Y 2023-24, ₹ 45.78 crore in F.Y 2024-25, ₹ 45.78 crore in F.Y 2025-26, ₹ 45.78 crore in F.Y 2026-27 and ₹ 22.88 crore in F.Y 2027-28				
		477.15	97.79	265.94	86.35
<b>2 Foreign Currency Loan / External Commercial Borrowings</b>					
<b>a. Kotak Mahindra Bank Limited</b>		–	–	–	20.72
	A foreign currency Term loan of ₹ 100 crore equivalent to USD 15.99 Million availed by the Company from Kotak Mahindra Bank Limited, is secured by way of hypothecation on movable fixed assets (machinery and equipments) of the Ammonia V Plant situated at Trombay to the extent of 1.25 times of the loan amount. The rate of interest is 6 months USD LIBOR plus margin of 2.75% per annum. The said loan has been fully repaid during the year.				
<b>b. Yes Bank Limited</b>		18.56	12.38	28.36	11.35
	A foreign currency Term loan of ₹ 55 crore equivalent to USD 8.21 Million availed by the Company from Yes Bank Limited, is secured by way of hypothecation on movable fixed assets (machinery and equipments) of the Medium Pressure (MP) and High Pressure (HP) Nitric Acid Plant situated at Trombay to the extent of 1.25 times of the loan amount. The rate of interest is fixed at 3.70% per annum. Repayment of the said loan would fall due for ₹ 12.38 crore in FY 2020-2021, ₹ 12.38 crore in FY 2021-22, and ₹ 6.18 crore in FY 2022-23.				
<b>c. State Bank of India</b>		105.20	35.07	130.81	32.70
	Term loan of EURO 25.50 Million availed by the Company from State Bank of India Antwerp branch, under RBI Loan Registration no. 201709145 is secured by way of hypothecation on movable fixed assets (machinery and equipments) of the GTG & HRSG project situated at Thal to the extent of 1.25 times of the loan amount. The rate of interest is 6 months EURIBOR plus margin of 1.05% per annum. Repayment of the said loan would fall due for ₹ 35.07 crore in FY 2020-21, ₹ 35.07 crore in FY 2021-22, ₹ 35.07 crore in FY 2022-23 and ₹ 35.06 crore in FY 2023-24.				
		123.76	47.45	159.17	64.77
	Amount disclosed under the head “OTHER CURRENT LIABILITIES” (Refer Note No. 26)		(145.24)		(151.12)
	<b>TOTAL</b>	<b>600.91</b>	<b>–</b>	<b>425.11</b>	<b>–</b>





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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

		₹ Crore	
NOTE NO. 19	“NON-CURRENT LIABILITIES” “FINANCIAL LIABILITIES – TRADE PAYABLES”	AS AT 31.03.2020	AS AT 31.03.2019
<b>Trade Payables</b>			
(A)	Outstanding dues of micro enterprises and small enterprises	–	–
(B)	Outstanding dues of creditors other than micro enterprises and small enterprises (Refer Note No. 49)	211.79	211.79
	<b>TOTAL</b>	<b>211.79</b>	<b>211.79</b>
		₹ Crore	
NOTE NO. 20	“NON-CURRENT LIABILITIES” “FINANCIAL LIABILITIES – OTHERS”	AS AT 31.03.2020	AS AT 31.03.2019
i.	Security Deposit from Vendors	34.44	43.71
ii.	Deposit from Employees	0.01	0.01
iii.	Other Liabilities (ROU Lease Liability)	9.44	–
	<b>TOTAL</b>	<b>43.89</b>	<b>43.72</b>
		₹ Crore	
NOTE NO. 21	“NON-CURRENT LIABILITIES” “PROVISIONS”	AS AT 31.03.2020	AS AT 31.03.2019
<b>Provision for Employee Benefits</b>			
i.	Leave Salary Encashment	101.25	98.95
ii.	Post Retirement Medical Benefits	87.03	71.64
iii.	Gratuity	–	10.57
iv.	Long Service Award	0.27	0.30
	<b>TOTAL</b>	<b>188.55</b>	<b>181.46</b>
		₹ Crore	
NOTE NO. 22	“NON-CURRENT LIABILITIES” “DEFERRED TAX LIABILITIES (NET)”	AS AT 31.03.2020	AS AT 31.03.2019
<b>a. Deferred Tax Liability:</b>			
i.	Depreciation	286.17	392.47
ii.	Fair value of Investments	18.06	24.29
iii.	Revenue from TDR	8.39	8.39
iv.	Other timing differences	0.77	1.01
	<b>TOTAL</b>	<b>313.39</b>	<b>426.16</b>
<b>b. Deferred Tax Asset:</b>			
i.	Provision for doubtful debts/claims/advances	11.95	16.49
ii.	Provision for obsolescence of stores	4.14	9.65
iii.	Provision for diminution in value of investments	7.07	12.37
iv.	Expenditure allowable on payment basis	62.22	92.91
v.	MAT Credit	–	6.01
vi.	Other timing differences	31.07	8.40
	<b>TOTAL</b>	<b>116.45</b>	<b>145.83</b>
	<b>NET DEFERRED TAX LIABILITY</b>	<b>196.94</b>	<b>280.33</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

		₹ Crore	
NOTE NO. 23	“OTHER LIABILITIES”	AS AT 31.03.2020	AS AT 31.03.2019
<b>I</b>	<b>NON CURRENT</b>		
	i. Advance rent Received	23 A	4.44
	ii. Government Grants	23 B	0.98
	iii. Deferred Deposit		33.69
	<b>TOTAL OTHER NON CURRENT LIABILITIES (I)</b>		<b>39.11</b>
<b>II</b>	<b>CURRENT</b>		
	<b>(a) Revenue received in advance</b>		
	Income received in advance from Customers		48.40
	<b>(b) Other Advances</b>		
	Retention money		12.50
	<b>(c) Other Liabilities:</b>		
	i. Advance Rent Received	23 A	2.55
	ii. Government Grants	23 B	0.30
	iii. Deferred Deposit		4.59
	iv. Statutory Dues:		
	a. Withholding taxes		13.08
	b. GST Payable		–
	v. Others (Refer Note No. 53)		0.09
	<b>TOTAL OTHER CURRENT LIABILITIES (II)</b>		<b>20.61</b>
			<b>81.51</b>
			<b>72.82</b>

		₹ Crore	
NOTE NO. 23A	“ADVANCE RENT RECEIVED”	AS AT 31.03.2020	AS AT 31.03.2019
	At at 1st April	9.54	12.34
	Received / (Repaid) during the year	–	(0.46)
	Released to the statement of profit and loss	2.55	2.34
	<b>As at 31st March</b>	<b>6.99</b>	<b>9.54</b>
	Current	2.55	2.55
	Non-current	4.44	6.99

		₹ Crore	
NOTE NO. 23B	“GOVERNMENT GRANTS”	AS AT 31.03.2020	AS AT 31.03.2019
	At at 1st April	1.60	1.41
	Received / (Repaid) during the year	–	0.49
	Released to the statement of profit and loss	0.32	0.30
	<b>As at 31st March</b>	<b>1.28</b>	<b>1.60</b>
	Current	0.30	0.32
	Non-current	0.98	1.28



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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

NOTE NO. 24	“CURRENT LIABILITIES” “FINANCIAL LIABILITIES – BORROWINGS”	₹ Crore	
		AS AT 31.03.2020	AS AT 31.03.2019
<b>(a) Loans Repayable on Demand</b>			
<b>I. Secured</b>			
<b>a. From Banks*</b>			
i. Cash Credit			
ii. Working Capital Demand Loan			
(includes Rupee Loans amounting to ₹ 910.66 crore (P.Y. ₹ 788.17 crore) from Punjab National Bank under Special Banking Arrangement against the subsidy receivables on Urea and P&K Fertilizers from Govt of India. The Bank has charged interest at 6.15% per annum which is totally payable by Govt. of India (PY 8.20% out of which 7.72% pa paid by Govt of India directly to the Bank). ₹ 0.04 crore pertaining to SBA of year 2018-19 (PY ₹ 0.16 crore) has been charged as interest expense in the statement of Profit and Loss. This loan is secured by hypothecation of subsidy receivables upto ₹ 910.66 crore (PY ₹ 788.17 crore) from Govt. of India. This loan is repayable within 60 days.			
<b>Total Secured</b>			
<b>II. Unsecured:</b>			
<b>a. From Banks</b>			
i. Foreign currency loans from banks-Buyers Credit **			
ii. Rupee loans			
<b>b. Other Loans</b>			
Commercial Paper ***			
<b>Total Unsecured</b>			
<b>TOTAL</b>			

\*Cash Credit and Working Capital Demand Loan from banks carrying interest in the range of 7.00% to 8.55% per annum are secured by hypothecation of entire Company's current assets including all stocks, book debts and other moveable assets, both present and future.

\*\*Unsecured Foreign Currency Loans from Banks are in the form of Buyers Credit and carry interest in the range of 2.00% to 3.00% per annum. These loans are repayable within 180 days.

\*\*\*Unsecured Commercial Papers carry interest in the range of 5.48% to 7.55% per annum. The outstanding commercial papers are repayable by June 2020.

NOTE NO. 25	“CURRENT LIABILITIES” “FINANCIAL LIABILITIES – TRADE PAYABLES”	₹ Crore	
		AS AT 31.03.2020	AS AT 31.03.2019
<b>Trade Payables (including Acceptances)*</b>			
(A) Outstanding dues of micro enterprises and small enterprises			
(Refer Note No. 53)			
(B) Outstanding dues of creditors other than micro enterprises and small enterprises			
<b>TOTAL</b>			

Trade payables are normally non-interest bearing and are usually settled within 30-days from the date of receipt of invoice unless they are contracted with specific credit terms as applicable.

\* Acceptances include arrangements where operational suppliers of goods and services are initially paid by banks while the Company continues to recognise the liability till settlement with the banks which are normally effected within a period of 180 days amounting to ₹ 48.51 crores (P.Y. ₹ 65.06 crores)

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

		₹ Crore	
NOTE NO. 26	“CURRENT LIABILITIES” “FINANCIAL LIABILITIES – OTHER FINANCIAL LIABILITIES”	AS AT 31.03.2020	AS AT 31.03.2019
i.	Current maturities of long term debt (Refer Note No. 18)	145.24	151.12
ii.	Interest accrued but not due on borrowings	3.74	7.44
iii.	Unclaimed dividend *	0.87	0.88
iv.	Creditors on Capital Account	76.61	51.10
v.	Standing Deposit from Customers	45.55	47.33
vi.	Trade Deposit from Customers	73.88	76.45
vii.	Earnest Money Deposit & Security Deposit from Vendors	78.62	56.11
viii.	Other Payables	7.84	6.72
ix.	Ex-gratia & employee benefits	48.22	48.87
x.	Derivatives not designated as Hedges (MTM loss payable)	–	5.16
xi.	ROU Lease Liability	1.97	–
	<b>TOTAL</b>	<b>482.54</b>	<b>451.18</b>

\* No amounts are due & payable to Investor Education & Protection Fund

		₹ Crore	
NOTE NO. 27	“CURRENT LIABILITIES” “PROVISIONS”	AS AT 31.03.2020	AS AT 31.03.2019
<b>Provision for Employee Benefits</b>			
i.	Leave Salary Encashment	99.32	111.32
ii.	Post Retirement Medical Benefits	7.13	6.10
iii.	Ex-gratia / Gratuity Payable	16.53	24.37
iv.	Payable to Provident Fund	19.07	–
v.	Long Service Award	0.09	0.04
	<b>TOTAL</b>	<b>142.14</b>	<b>141.83</b>

		₹ Crore	
NOTE NO. 28	“CURRENT LIABILITIES” “CURRENT TAX LIABILITIES NET”	AS AT 31.03.2020	AS AT 31.03.2019
	Provision for Taxation less Advance tax	53.25	–
	<b>TOTAL</b>	<b>53.25</b>	<b>–</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

		₹ Crore	
NOTE NO. 29	“REVENUE FROM OPERATIONS”	Year Ended 31.03.2020	Year Ended 31.03.2019
<b>1. Sales</b>			
<b>A. Manufactured Products</b>	29A		
Fertilizers		2369.57	2214.11
Industrial Products		660.94	955.16
		<b>3030.51</b>	<b>3169.27</b>
<b>B. Bought-out Products</b>	29A		
Fertilizers		642.74	252.85
	<b>Net Sales</b>	<b>3673.25</b>	<b>3422.12</b>
<b>2. Other Operating Revenues</b>			
Subsidy on Urea & Complex Fertilizers*	29B	6000.73	5447.18
Sale of Scrap		1.87	3.46
Management Fees -For Services rendered		10.67	9.65
Margin on Tie- ups		11.43	3.06
	<b>TOTAL</b>	<b>6024.70</b>	<b>5463.35</b>
<b>Revenue from Operations</b>		<b>9697.95</b>	<b>8885.47</b>

\*Subsidy includes ₹ 320.33 crore (P.Y. ₹ 48.13 crore) in respect of earlier years, determined during the year

		₹ Crore	
NOTE NO. 29A	“SALES - PRODUCT WISE BREAK-UP”	Year Ended 31.03.2020	Year Ended 31.03.2019
<b>1 Manufactured</b>			
<b>A. Fertilizers</b>			
Urea			
Suphala 15 : 15 : 15		1119.48	943.82
Urea / Neem coated Urea		1216.55	1235.89
Others		33.54	34.40
		<b>2369.57</b>	<b>2214.11</b>
<b>B. Industrial Products</b>			
Ammonia		123.41	240.84
Methylamines		72.47	89.15
Ammonium Nitrate Melt		249.73	296.10
Others		208.37	329.07
		<b>660.94</b>	<b>955.16</b>
<b>2 Bought-out Products</b>			
Imported Di Ammonium Phosphate		350.61	122.90
Imported Muriate of Potash		155.46	3.88
Imported NPK 10:26:26		122.48	114.94
Others		14.19	11.13
		<b>642.74</b>	<b>252.85</b>
	<b>TOTAL</b>	<b>3673.25</b>	<b>3422.12</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

		₹ Crore	
NOTE NO. 29B	“SUBSIDY ON UREA & COMPLEX FERTILIZERS”	Year Ended 31.03.2020	Year Ended 31.03.2019
<b>1. Manufactured Fertilizers</b>			
Price		5250.17	4839.17
Freight		443.47	487.95
		5693.64	5327.12
<b>2. Bought-out Fertilizers</b>			
Price		265.44	96.10
Freight		41.65	23.96
		307.09	120.06
	<b>TOTAL</b>	<b>6000.73</b>	<b>5447.18</b>

		₹ Crore	
NOTE NO. 30	“OTHER INCOME”	Year Ended 31.03.2020	Year Ended 31.03.2019
<b>1. Interest Income</b>			
On Loans to Employees		0.08	0.13
On Deposits with Bank and Others		3.42	3.48
On Income Tax Refund		2.68	5.11
On Sales Tax Refund		–	4.74
From Customers		3.71	3.39
From Others (includes ₹ 30.94 crore dues of DOF)		31.52	0.92
	<b>TOTAL</b>	<b>41.41</b>	<b>17.77</b>
<b>2. Dividend Income</b>		0.20	0.32
<b>3. Other Income</b>			
Profit on sale of fixed assets (Net)		0.10	2.83
Bad debts recovered		2.16	1.76
Rent received, recovery of electricity etc.		39.74	33.38
Lease compensation of railway siding		0.21	0.21
Government Grants (Refer Note No. 23B)		0.32	0.30
Amortisation of Deferred Deposits		6.13	4.79
Miscellaneous Income		38.40	20.64
		87.06	63.91
Less: Transfer to Research and Development Expenses (Refer Note No. 37C)		(0.02)	(0.01)
	<b>TOTAL</b>	<b>128.65</b>	<b>81.99</b>

		₹ Crore	
NOTE NO. 31	“COST OF MATERIALS CONSUMED”	Year Ended 31.03.2020	Year Ended 31.03.2019
Raw Materials	31A	3671.08	3767.90
Packing Materials		105.15	112.11
Less : Transferred to Research & Development (Refer Note No. 37C)		(0.01)	–
	<b>TOTAL</b>	<b>3776.22</b>	<b>3880.01</b>



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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

		₹ Crore	
NOTE NO. 31A	“ITEMWISE BREAKUP OF MATERIALS CONSUMED”	Year Ended 31.03.2020	Year Ended 31.03.2019
<b>RAW MATERIALS</b>			
	Rock Phosphate	74.08	67.73
	Di-Ammonium Phosphate	7.49	–
	Mono-Ammonium Phosphate	306.58	337.10
	Muriate of Potash	316.03	264.66
	Natural Gas	2873.76	3000.97
	Others	93.14	97.44
	<b>SUB TOTAL</b>	<b>3671.08</b>	<b>3767.90</b>
	Less : Transferred to Research and Development (Refer Note No. 37C)	(0.01)	–
	<b>TOTAL</b>	<b>3671.07</b>	<b>3767.90</b>

		₹ Crore	
NOTE NO. 32	“PURCHASES OF STOCK IN TRADE”	Year Ended 31.03.2020	Year Ended 31.03.2019
	Imported Di Ammonium Phosphate	166.09	429.02
	Imported Muriate of Potash	10.00	212.17
	NPK 10:26:26	137.90	143.73
	Others	18.64	13.23
	<b>SUB TOTAL</b>	<b>332.63</b>	<b>798.15</b>
	<b>Less: Transferred to Plant for internal consumption</b>		
	Imported DAP / MOP	(38.20)	–
	<b>TOTAL</b>	<b>294.43</b>	<b>798.15</b>

		₹ Crore	
NOTE NO. 33	“CHANGES IN INVENTORIES OF FINISHED GOODS & STOCK IN TRADE”	Year Ended 31.03.2020	Year Ended 31.03.2019
<b>Opening Stock</b>			
	Finished Goods	387.72	278.96
	Intermediary Products	35.41	33.57
	By-Products	4.42	7.02
	Stock in trade	497.53	0.26
	<b>SUB-TOTAL</b>	<b>925.08</b>	<b>319.81</b>
<b>Closing Stock</b>			
	Finished Goods	283.83	387.72
	Intermediary Products	28.90	35.41
	By-Products	5.77	4.42
	Stock in trade	3.33	497.53
	<b>SUB-TOTAL</b>	<b>321.83</b>	<b>925.08</b>
	<b>TOTAL</b>	<b>603.25</b>	<b>(605.27)</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

		₹ Crore	
NOTE NO. 33A	“OPENING STOCK - PRODUCT WISE BREAK-UP”	Year Ended 31.03.2020	Year Ended 31.03.2019
<b>Finished Goods</b>			
<b>1. Manufactured</b>			
<b>A. Fertilizers</b>			
	Urea (Trombay)	22.63	32.50
	Urea (Thal)	172.13	147.53
	Complex Fertilizers	170.14	77.48
	Others	16.40	19.92
<b>B. Industrial Products</b>			
	Methanol	1.44	0.03
	Concentrated Nitric Acid	0.20	0.10
	Ammonium Bi-carbonate	0.27	0.21
	Sodium Nitrate	0.51	0.25
	Sodium Nitrite	0.57	0.36
	Methylamines	0.93	0.38
	Ammonium Nitrate Melt	0.02	0.02
	Dimethyl Acetamide	1.71	0.03
	Argon Gas / Liquid	0.69	0.06
	Formic Acid	0.07	0.08
	Others	0.01	0.01
		387.72	278.96
<b>2. Bought-out Products</b>			
<b>Fertilizers</b>			
	Imported Di Ammonium Phosphate	276.90	0.05
	Imported Muriate of Potash	212.17	–
	Imported NKP 20:20:0	8.46	–
	Sulphate of Potash	–	0.11
	Others	–	0.10
		497.53	0.26
	<b>TOTAL</b>	<b>885.25</b>	<b>279.22</b>

		₹ Crore	
NOTE NO. 33B	“CLOSING STOCK - PRODUCT WISE BREAK-UP”	Year Ended 31.03.2020	Year Ended 31.03.2019
<b>Finished Goods</b>			
<b>1. Manufactured</b>			
<b>A. Fertilizers</b>			
	Urea (Trombay)	46.26	22.63
	Urea (Thal)	130.17	172.13
	Complex Fertilizers	87.24	170.14
	Others	15.92	16.40
<b>B. Industrial Products</b>			
	Methanol	0.12	1.44
	Concentrated Nitric Acid	0.24	0.20
	Ammonium Bi-carbonate	–	0.27
	Sodium Nitrate	0.22	0.51





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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

NOTE NO. 33B	“CLOSING STOCK - PRODUCT WISE BREAK-UP”	₹ Crore	
		Year Ended 31.03.2020	Year Ended 31.03.2019
	Sodium Nitrite	0.02	0.57
	Methylamines	1.03	0.93
	Ammonium Nitrate Melt	0.02	0.02
	Dimethyl Formamide	1.17	–
	Dimethyl Acetamide	0.08	1.71
	Argon Gas / Liquid	0.39	0.69
	Formic Acid	0.95	0.07
	Others	–	0.01
		<b>283.83</b>	<b>387.72</b>
<b>2. Bought-out Products</b>			
	<b>Fertilizers</b>		
	Imported Di Ammonium Phosphate	1.55	276.90
	Imported Muriate of Potash	0.77	212.17
	Imported NPK 20:20:0	0.09	8.46
	Others	0.92	–
		<b>3.33</b>	<b>497.53</b>
	<b>TOTAL</b>	<b>287.16</b>	<b>885.25</b>

NOTE NO. 34	“EMPLOYEE BENEFITS EXPENSE”	₹ Crore	
		Year Ended 31.03.2020	Year Ended 31.03.2019
	Salaries, Wages and Bonus	520.90	494.11
	Contribution to Provident Fund and other funds	69.51	50.27
	Contribution to Gratuity Fund	8.41	25.40
	Workmen and Staff Welfare Expenses	52.40	51.68
		<b>651.22</b>	<b>621.46</b>
	Less: Transferred to Research and Development (Refer Note No. 37C)	(1.97)	(2.31)
	Share recoverable from Thal Ammonia Extension and Others	(31.99)	(27.74)
		<b>(33.96)</b>	<b>(30.05)</b>
	<b>TOTAL</b>	<b>617.26</b>	<b>591.41</b>

NOTE NO. 35	“FINANCE COSTS”	₹ Crore	
		Year Ended 31.03.2020	Year Ended 31.03.2019
i. Interest			
a. Term Loans-From Banks		29.30	34.24
b. Working capital from Banks		168.07	95.03
c. Other loans and deposits		5.99	11.34
ii. Interest on Deferred deposits		5.36	4.31
iii. Other Borrowing & Finance Costs		1.55	0.80
iv. Exchange differences regarded as an adjustment to borrowing costs;		26.65	10.13
v. Interest Expense ROU Asset		0.90	–
	<b>TOTAL</b>	<b>237.82</b>	<b>155.85</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

		₹ Crore	
NOTE NO. 36	“DEPRECIATION AND AMORTISATION EXPENSES / IMPAIRMENT”	Year Ended 31.03.2020	Year Ended 31.03.2019
i.	Depreciation on Property Plant and Equipment	167.34	154.73
ii.	Impairment reversal on Property Plant and Equipment	2.86	–
iii.	Depreciation on Investment Property	0.19	0.16
iv.	Amortisation on Intangible Assets	0.99	1.14
Total Depreciation / Amortisation Impairment provided during the year		171.38	156.03
Less : Under Research and Development (Refer Note No. 37 C)		(0.34)	(0.34)
<b>As reported under Statement of Profit &amp; Loss:</b>		<b>171.04</b>	<b>155.69</b>

		₹ Crore	
NOTE NO. 37	“OTHER EXPENSES”	Year Ended 31.03.2020	Year Ended 31.03.2019
	Stores and Spares	34.20	33.77
	Power and fuel	2758.87	2694.99
	Water Charges	62.18	68.06
	Repairs and Maintenance	133.11	124.96
	Freight and Handling Charges	689.43	687.05
	Rent	16.70	12.15
	Rates and Taxes	16.00	19.02
	Insurance	27.50	10.08
	Miscellaneous Expenses	85.55	129.91
	Less: Transferred to Research & Development Expenses (Refer Note No. 37C)	(0.06)	(0.18)
	<b>TOTAL</b>	<b>3823.48</b>	<b>3779.81</b>

		₹ Crore	
NOTE NO. 37A	“REPAIRS AND MAINTENANCE”	Year Ended 31.03.2020	Year Ended 31.03.2019
	Plant and Machinery	93.74	86.74
	Buildings	21.16	19.75
	Other Assets	18.52	18.58
		133.42	125.07
	Less: Transferred to Research & Development Expenses (Refer Note No. 37C)	(0.31)	(0.11)
	<b>TOTAL</b>	<b>133.11</b>	<b>124.96</b>

		₹ Crore	
NOTE NO. 37B	“MISCELLANEOUS EXPENSES”	Year Ended 31.03.2020	Year Ended 31.03.2019
	Security expenses-Factory and Others	49.10	43.54
	Electricity Charges-Township and Offices	7.94	7.40
	Advertisement	0.76	1.74
	Bank Charges	1.43	1.01
	Promotion and Publicity	5.20	5.68
	Hire Charges for vehicles	3.82	4.69
	Travelling expenses	4.20	3.58
	Entertainment Expenses	0.05	0.03
	Research and Development expenses	5.06	3.20



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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

		₹ Crore	
NOTE NO. 37B	“MISCELLANEOUS EXPENSES”	Year Ended 31.03.2020	Year Ended 31.03.2019
	Loss on Fixed Assets Sold /Discarded	3.31	0.94
	Losses/ Damages and other amounts written off	0.76	–
	Foreign exchange Loss/(Gain)	(0.52)	24.54
	Corporate Social Responsibility expenses	3.42	3.88
	Provision for Doubtful Debts/ Claims/ Advances	4.73	24.58
	Provision for obsolescence of stores	3.29	5.41
	Bad debts written off	–	2.89
	Provision of earlier years no longer required	(6.24)	(5.66)
	Liabilities for expenses no longer required	(10.79)	(23.47)
	Recovery of share of common expenses	(32.64)	(22.02)
	Other expenses **	42.67	47.95
	<b>TOTAL</b>	<b>85.55</b>	<b>129.91</b>

\*\* Includes Directors' sitting fees C.Y. ₹ 18,95,000, P.Y. ₹ 16,50,000

		₹ Crore	
NOTE NO. 37C	“RESEARCH & DEVELOPMENT EXPENSES”	Year Ended 31.03.2020	Year Ended 31.03.2019
	Salaries and Staff Welfare Expenses	1.97	2.31
	Repairs and Maintenance	0.31	0.11
	Depreciation	0.34	0.34
	Direct Research Expenditure	2.39	0.27
	Other Expenses	0.04	0.12
	Handling charges	0.02	0.06
	Materials Consumed	0.01	–
	<b>SUB TOTAL</b>	<b>5.08</b>	<b>3.21</b>
	Less: Transferred from Other Income	(0.02)	(0.01)
	<b>TOTAL</b>	<b>5.06</b>	<b>3.20</b>

		₹ Crore	
NOTE NO. 38	“EXCEPTIONAL ITEMS”	Year Ended 31.03.2020	Year Ended 31.03.2019
	Fair valuation (Gain) / Loss - Transferable Development Right	100.17	(23.44)
	<b>TOTAL</b>	<b>100.17</b>	<b>(23.44)</b>

(Refer Note No. 65)

		₹ Crore	
NOTE NO. 39	“OTHER COMPREHENSIVE INCOME”	Year Ended 31.03.2020	Year Ended 31.03.2019
<b>Items that will not be reclassified to profit or loss</b>			
	Remeasurements of defined benefit plans	(18.54)	(3.79)
	Fair Value Equity instruments (IPL Shares)	2.27	12.61
		(16.27)	8.82
	Less: Income tax / Deferred tax relating to above items	10.90	(3.07)
	<b>TOTAL</b>	<b>(5.37)</b>	<b>5.75</b>

**EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

₹ Crore

NOTE NO. 40	“DISCLOSURE OF FINANCIAL ASSETS AND LIABILITIES AS PER IND AS 107”	AS AT 31.03.2020	AS AT 31.03.2019
<b>I)</b>	<b>FINANCIAL ASSETS</b>		
a.	BREAKUP OF FINANCIAL ASSETS AT FAIR VALUE THOROUGH OCI		
	Investments - fully paid shares	72.26	69.99
	<b>TOTAL</b>	<b>72.26</b>	<b>69.99</b>
b.	BREAKUP OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT & LOSS		
	Derivatives not designated as hedges	2.67	0.14
	Transfer Development Rights	31.23	–
	<b>TOTAL</b>	<b>33.90</b>	<b>0.14</b>
c.	BREAKUP OF FINANCIAL ASSETS CARRIED AT AMORTISED COST		
	Loans	27.03	26.28
	Others Financial Assets	1652.53	43.74
	Trade Receivables	4551.23	4552.54
	Cash and Cash Equivalents	2.07	3.59
	Other Bank Balances	1.29	1.27
		<b>6234.15</b>	<b>4627.42</b>
d.	BREAKUP OF FINANCIAL ASSETS CARRIED AT COST		
	Investments - Joint ventures	159.51	16.35
	<b>TOTAL</b>	<b>159.51</b>	<b>16.35</b>
	<b>TOTAL FINANCIAL ASSETS</b>	<b>6499.82</b>	<b>4713.90</b>
<b>II)</b>	<b>FINANCIAL LIABILITIES</b>		
a.	BREAKUP OF FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT & LOSS		
	Derivative not designated as hedges	–	5.16
	<b>TOTAL</b>	<b>–</b>	<b>5.16</b>
b.	BREAKUP OF FINANCIAL LIABILITIES CARRIED AT AMORTISED COST		
	Borrowings	4677.78	3310.58
	Trade Payables	1208.52	1365.59
	Deposit from Employees	0.01	0.01
	Current maturities of long term debt	145.24	151.12
	Interest accrued but not due on borrowings	3.74	7.44
	Unclaimed dividend	0.87	0.88
	Creditors on Capital Account	76.61	51.10
	Standing Deposit from Customers	45.55	47.33
	Trade Deposit from Customers	73.88	76.45
	Earnest Money Deposit & Security Deposit from Vendors	113.06	99.82
	Ex-gratia & employee benefits	48.22	48.87
	Other Payables - Tie ups	7.84	6.72
	ROU Lease Liability	11.41	–
	<b>TOTAL</b>	<b>6412.73</b>	<b>5165.91</b>
	<b>TOTAL FINANCIAL LIABILITIES</b>	<b>6412.73</b>	<b>5171.07</b>

The above referred carrying values of Financial Assets and Liabilities approximate its fair value as at the balance sheet date

## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

### 41. Contingent Liabilities not provided for:

41.1 Claims against the Company not acknowledged as debts to the extent ascertainable (Interest cannot be estimated reliably) and not provided for net of payment/liability provided:-

Sr. No	Particulars	As at 31.03.2020	As at 31.03.2019
		₹ Crore	
1	<b>Invoices/ debit notes and claims raised by GAIL(India) Ltd.</b>		
a	Increased gas transmission charges for ONGC pipeline. Stay order obtained from Mumbai High Court and directed to resolve through arbitration.	64.30	64.30
b	Levy of Market priced gas differential for use of APM/Domestic Gas for Non-fertilizer Non-Urea operations (Refer Note no. 49)	1231.05	1231.05
c	For non-submission for FICC certified gas utilization data	39.39	39.39
	<b>Sub total</b>	<b>1334.74</b>	<b>1334.74</b>
2	<b>Claims on the Company not acknowledged as debts by Contractors / Suppliers/ Arbitrators etc.</b>	81.83	84.74
3	<b>Demands raised by various authorities that may arise in respect of matters in appeal</b>		
	Excise Duty (D) (Refer note no 41.1.1)	67.49	28.38
	Excise Duty (S)	20.10	29.87
	Sales Tax	6.45	5.46
	Income Tax	20.08	18.95
	Service Tax (D)	7.24	31.25
	Service Tax (S)	5.59	7.36
	Custom Duty (D)	80.93	80.93
	Custom Duty (secured by Bank Guarantee)(Refer note no 41.1.2)	25.62	25.62
4	Water charges claimed by Municipal Corporation of Greater Mumbai(Refer note no 41.1.3)	38.79	36.86
5	Claims preferred by local authorities	8.37	8.37
	<b>GRAND TOTAL</b>	<b>1697.23</b>	<b>1692.53</b>

(D) – Demands raised / (S) – Show cause notice issued.

41.1.1 Includes an amount of ₹ 24.82 crore (P.Y. ₹ 24.82 crore) towards duty, interest and penalty relating to purchase of Naphtha at concessional rate of excise duty for the purposes other than mentioned in the exemption notification for the period November-1996 to October-2005. The demand for the period upto February-2005 for ₹ 21.28 crore (P.Y. ₹ 21.28 crore) has been appealed against by the Company and the matter is resting with the Honorable Supreme Court, which is yet to be heard. For the balance demand pertaining to subsequent period (i.e March 2005), amounting to ₹ 3.54 crore order has been stayed by CESTAT, which has been appealed by the department to High Court. Pending hearing, no provision is considered necessary.

41.1.2 The demand of duty is secured by Bank Guarantees amounting to ₹ 29.07 crore and the Company has filed an appeal against the same before the bench of CESTAT, which was heard during the year and a favorable order is expected. Hence no provision is considered.

41.1.3 Demand of ₹ 33.48 crore raised by Municipal Corporation of Greater Mumbai (BMC) towards additional sewerage charges levied from 05-04-1987 are disputed by the Company in a Writ Petition filed in Bombay High Court. The Honorable High Court vide its interim Order dated 10-11-1992 has granted stay on recovery of the demand for the period up to the date of the Order and directed the Company to pay sewerage charges from the date of the order which is being paid by the Company. The matter has been disposed off by the High Court and the Company approached Supreme Court. Supreme Court has now directed the Bombay High Court to hear the matter and decide on merits based on facts of the case. The Stay granted on the said matter continues.

As a part of an agreement entered into with BMC for obtaining raw sewerage, the Company has paid an interest free deposit of ₹ 16.00 crore to BMC representing approximately 50% of the disputed demand which would be adjustable against the disputed demand in case the Court rules in favor of BMC. No provision is considered necessary for the disputed demand of ₹ 33.48 crore as the claim of BMC is not tenable.

## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

- 41.1.4 With reference to additional demand received as per orders of Sub Divisional Officer (SDO) Mumbai Suburban District and as revised by Tahsildar, towards Non Agriculture (NA) Tax and 100% Increase in Land Revenue (ILR), Company has recognized a liability of ₹ 22.00 crore in earlier years, against which ₹ 21.48 crore has been paid. As per the notices received, Company may also be subjected to pay additional NA tax and ILR for any future revision in the same. Company has been advised by its solicitors to appeal against the said demand as the same is not tenable.
- 41.1.5 Owing to non-compliance of Corporate Governance requirements as mandated by SEBI, with reference to composition of Independent Directors in the Board and appointment of Woman Independent Director, Company is in receipt of notice of penalty aggregating to ₹ 0.76 crore from the stock exchanges (BSE & NSE). Since the appointment of Directors is done by Government of India, Company had approached its Administrative Ministry for ensuring the compliance and has also approached the stock exchanges for condonation/waiver of the penalty. Company is confident that this penalty would be waived.
- 41.2 The amount of claims in respect of legal cases filed against the Company for labour matters relating to regular employees and not acknowledged as debts is not ascertainable.
- 41.3 In respect of clause 41.1 to 41.2 above, it is not practicable for the Company to estimate the closure of these issues and the consequential timing of cash flows, if any.

### 42. Capital Commitments (Net of Advances):

Particulars	₹ Crore	
	As at 31.03.2020	As at 31.03.2019
Capital Expenditure Commitments	56.34	659.43
Commitment Towards Investments in JV (Talcher Fertilizers Ltd.)	1024.69	–

### 43. Disclosures relating to Finance Lease:

Relating to 416 Wagons leased to Indian Railways “Under Own your Wagons Scheme”

Particulars	₹ Crore	
	Year ended 31.03.2020	Year ended 31.03.2019
<b>Minimum Lease Payments</b>		
Not Later than one year	–	0.35
Later than one year but not later than 5 years	–	–
Later than 5 years	–	–
<b>Total</b>	–	<b>0.35</b>
Amount representing finance income earned during the year	0.01	0.08
Adjusted Against Lease Receivable during year	0.34	0.62
<b>Total</b>	<b>0.35</b>	<b>0.70</b>
<b>Present Value of MLP</b>		
Not Later than one year	–	0.34
Later than one year but not later than 5 years	–	–
Later than 5 years	–	–
<b>Total</b>	–	<b>0.34</b>
<b>Unearned Finance Income</b>	–	<b>0.01</b>
<b>Expected Credit Loss on above</b>	<b>NIL</b>	<b>NIL</b>

The lease agreement with Railways has expired during the year and action has been initiated for renewal of the same. As the wagons are still in the custody of Railways, Company has recognized revenue of ₹ 0.35 crore for the period after completion of finance lease based on the minimum lease rentals expected to be negotiated with Railways. As the terms of lease are yet to be finalized the said transaction is now treated as Short-term Operating Lease.

## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

- 44.** Formalities relating to transfer of certain immovable and other properties from Fertilizer Corporation of India Limited to the Company on reorganization of the former in 1978 are not yet completed. Out of property cards for a total area of 30,44,530 Sq. meters (P.Y. 30,89,013 Sq. meters), property cards for 3,78,321 Sq. meters (P.Y. 3,78,321 Sq. meters) are yet to be transferred in the name of the Company. The Company is in the process of transferring the title deeds.
- 45.** Out of total area of 50,52,476 Sq. meters area at Thal Unit, the title deeds relating to area of 32,27,573 Sq. meters (P.Y. 32,27,573 Sq. meters) area are in the name of the Company. The balance title deeds w.r.t 18,24,903 Sq meter of land are in the process of being transferred in the name of Company. The capitalization of Freehold land at Thal Unit includes land at Kihim having carrying cost of ₹ 0.02 crore, pending execution of documents and transfer of title deeds in the name of Company, due to dispute.
- 46.** Balance of subsidy receivables including subsidy receivable from Government recognized on estimated basis are subject to confirmation. Some of the balances of trade payables, current liabilities, loans and advances are subject to confirmation / reconciliation and consequential adjustments if any.
- 47.** The Company is eligible to receive subsidy from Fertilizer Industry Co-Ordination Committee (FICC) / Department of Fertilizers (DOF) on Urea, Phosphatic and Potassic (P & K) Fertilizers at the rates notified from time to time. Subsidy is further adjusted for escalations/de-escalations in the cost of inputs and other costs, as estimated by the management based on the prescribed norms in line with known policy parameters. Accordingly the subsidy adjusted on account of this escalations/de-escalations basis for the year amounts to ₹ 95.74 crore refundable to FICC/DOF (PY ₹ 423.49 crore receivable). Further considering the notification issued by DoF dated 30th March 2020, removing the ambiguity in respect of eligible compensation of fixed costs effective from 2nd April, 2014 under Modified NPS III, Company has recognized subsidy income based on the assessment of its eligibility and also provided for certain anticipated recoveries by DoF towards final adjustments of subsidy on NPK fertilizers and other subsidy receivables, recognized earlier on estimated basis, being doubtful of settlement. The net impact of the same works out to ₹ 342.92 crore receivable from FICC/DoF.
- 48.** The matter relating to the issue of unintended benefits accruing to units using domestic gas for manufacture of nutrient “N” has been referred and is pending before an Inter-Ministerial Committee (IMC) of Government of India (GoI). It is expected that a decision on the matter would be taken soon by the IMC. Initially subsidy amounting to ₹ 198.94 Crore was withheld by DOF, which has been released in full upon submission of its claims along with bank guarantee for equivalent amount by the Company.
- 49.** Consequent to Gas pooling being made applicable to Fertilizer (Urea) sector w.e.f. June 1, 2015, it is expected that a differential pricing of gas may be made applicable for non-urea usage. Company has represented to DoF for maintaining supply of domestic gas for P&K fertilizers and chemicals. Ministry of Petroleum & Natural Gas (MoPNG) vide its order No. L-13013/3/2012-GP-I, dated: December 16, 2015 has directed GAIL (India) Limited to levy a higher gas price (i.e. the highest rate of RLNG used for production of urea) for gas consumed in non-urea operations. As the matter relating to the same is pending before the IMC for decision, the Company has represented that any decision on the same be taken only upon the issue being settled by the IMC of GoI. However, pending finalization of price payable as per the said letter, Company is recognizing liability based on the difference between domestic gas price and pool / market price of gas for its non-urea operations. The difference is provided considering domestic gas first for urea operations on cumulative basis for the year and the balance if any, for non-urea operations. Accordingly, there is no impact for the year ended March 31, 2020. The Company has recognized a liability of ₹ 211.79 Crore for the period commencing from June 1, 2015 to March 31, 2020 (₹ 211.79 Crore upto March 31, 2019) on this account.

The Company has entered into a contract for procurement of market priced gas for non-urea operations at Trombay unit, effective from May 16, 2016.

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Pursuant to the said order, GAIL has sought a differential levy amounting to ₹ 1442.84 Crore for the period commencing from July 1, 2006 till March 31, 2017 and has initiated arbitration proceedings towards non-payment of the same. The Company has represented this matter to Department of Fertilizers for dispute resolution as the matter relating to the same is pending before the IMC of GoI. The said matter has been referred to Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD).

50. On 20th and 22nd March, 2019 respectively, both the Gas Turbine Generator (GTG) plants at Thal unit stopped operating. Upon failure, the matter was taken up with the LSTK contractor who had supplied the turbines for repair, as the same were covered under warranties. The matter was referred by the LSTK contractor for repairs to the Original Equipment Manufacturer (OEM) who had indicated a total estimated expenditure of about 98 Million SEK (₹ 74.51 crore excluding taxes and duties).

In the best interests of the Company, based on the acceptance of Notice to Proceed as proposed by the LSTK contractor, the equipments have been sent for repair to the foreign Original Equipment Manufacturer (OEM) which are to be received back as at the Balance Sheet date. As per the Notice to proceed, the final settlement of the repair costs can either be decided mutually or in the event not agreed upon, the settlement of disputes clause as per contract can be invoked.

As the equipments are covered under warranties, the Company is of the view that no additional costs would devolve on the Company. Further the Company has initiated arbitration proceedings towards the LSTK contractor citing loss of profits owing to higher energy costs, higher maintenance costs etc.

In the meanwhile, the Company has procured a Gas generator and commissioned a Gas Turbine Generator plant in August 2019 to mitigate future losses.

### 51. Disclosures relating to Impairment of Non-Financial Assets:

Company has carried out impairment testing of its Cash Generating Units (CGU) which is carried out considering an estimated useful life of 10 Years for arriving at the value in use. In determining value in use for the CGU, the cash flows were discounted at a rate of 8% on pre-tax basis.

The status of provision made towards impairment is as under:-

#### For the year 2019-20

₹ Crore

Sr No.	Plant	Provision for Impairment made during the year	Reversal of Impairment Provision made during the year	Balance in Provision account at the end of the year	Recoverable Amount	Reportable Segments In which these Plants/ Assets are used
1	Dimethyl Formamide	0.05	–	0.10	0.43	Chemical Segment
2	Carbon Mono Oxide	2.81	–	10.87	1.99	Chemical Segment
	<b>Total</b>	<b>2.86</b>	<b>–</b>	<b>10.97</b>	<b>2.42</b>	

#### For the year 2018-19

₹ Crore

Sr No.	Plant	Provision for Impairment made during the year	Reversal of Impairment Provision made during the year	Balance in Provision account at the end of the year	Recoverable Amount	Reportable Segments In which these Plants/ Assets are used
1	Dimethyl Formamide	–	–	0.05	0.43	Chemical Segment
2	Carbon Mono Oxide	–	–	8.06	1.84	Chemical Segment
	<b>Total</b>	<b>–</b>	<b>–</b>	<b>8.11</b>	<b>2.27</b>	

The recoverable amount of ₹ 2.42 crore PY (₹2.27 crore) was based on value in use and was determined at the level of the CGU.



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Higher raw material prices coupled with steep fall in realizations warranted in carrying out a review of the recoverable amount of the said plants and related equipment's resulting in provision towards impairment.

Key assumptions based on which recoverable amount is most sensitive.

The calculation of value in use for the identified CGU is most sensitive to the following assumptions.

### 1. Selling Prices

The extant selling prices are considered for forecasting cash flow estimates for arriving at the value in use. The selling prices are assumed to be kept constant in future year projections.

### 2. Discount Rate

Discount rate is estimated considering the entity's incremental borrowing rate which is arrived at considering the present debt structure etc.

### 3. Sales Quantity

The sales projections have been worked out considering the present demand scenario and the operating capacities of the plants.

### 4. Raw Material Prices - Considering current prices of raw materials.

The estimates of cash flows are done considering current raw material prices at the reporting date and the same are assumed to be remain constant in the future year projections as any increase in the same is expected to be passed on to the market.

52. Inventory includes stores and spares declared as surplus with further classification as disposable surplus. Since such surplus stores on disposal may not fetch full book value a suitable provision has been made. Consequent to full provision for impairment made in respect of plants referred in Note. No. 51, Company has also provided towards inventory of specific spares relating to the said plants. The value of such inventory and provision towards the same is as under:-

₹ Crore				
Sr. No.	Particulars		As on 31.03.2020	As on 31.03.2019
<b>A</b>	1	Surplus Stores and Spares	18.47	21.05
	2	Disposable Surplus	15.38	17.97
	3	Specific stores and spares of impaired assets	10.86	10.88
	4	Material Stolen	0.21	0.21
<b>B</b>	1	Provision made for Disposable Surplus	14.61	17.07
	2	Provision reckoned on stores and spares for impaired assets	10.31	10.34
	3	Provision for Material Stolen	0.21	0.21
		<b>Total</b>	<b>25.14</b>	<b>27.62</b>

53. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act 2006 is as under:

₹ Crore			
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
1	Principal amount remaining unpaid	36.81	24.67
2	Interest due thereon	NIL	0.01
3	Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	NIL	NIL
4	Interest due and payable for the period of delay making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.		
5	Interest accrued and remaining unpaid	NIL	NIL

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₹ Crore			
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
6	Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL

Dues to Micro and small enterprises have been determined to the extent such parties have been identified on the basis of information given by such parties/available with the Company. This has been relied upon by the auditors.

**54. Based on the nature of business activities undertaken by the Company and requirement of IND AS 108, following are the operating segments identified**

Segment	Nature of activities
Fertilizers	Production and supply of various grades of Fertilizers for agricultural use.
Chemicals	Production of various chemicals and supply to diverse industries
Trading	Represents fertilizers imported / locally sourced and marketed for agricultural use.

The necessary disclosures as required under IND AS 108 are given in **Annexure-1**.

The segment revenue and segment results are arrived at based on the revenues generated out of sale of such products and the costs attributable are reduced for arriving at the segment results. Assets are allocated to operating segments based on the intended use for which the asset was primarily installed. Liabilities are allocated to operating segments to which it relates to.

No operating segments have been aggregated to form the above reportable operating segments.

**55. Non Current Asset Held for Sale:**

₹ Crore		
Particulars	As at 31.03.2020	As at 31.03.2019
Plant & Machinery & other assets	0.57	131.97
<b>Total</b>	<b>0.57</b>	<b>131.97</b>

Company intends to dispose of items classified under Asset held for sale in next 12 months. Efforts are underway to dispose of the items to other Fertilizer Companies/User of such assets.

Fair value of TDRs amounting to ₹ 131.39 crore in previous year included in the above has been reclassified to investment, as elaborated in note no 65.

**56. Disclosures under IND AS 24 on Related Party Transactions are given below:**

**56.1 Transactions with Joint Controlled Entities**

**a) Relationship**

**JOINT CONTROLLED ENTITIES**

₹ Crore				
Name of the Company	No of Shares	Country of Incorporation	% of Ownership interest as at	
			31.03.2020	31.03.2019
1) FACT-RCF BUILDING PRODUCTS LTD. (FRBL) *	32870000 of ₹ 10 each	India	50.00	50.00
2) URVARAK VIDESH LTD.(UVL) *	180002 of ₹ 10 each	India	33.33	33.33
3) TALCHER FERTILIZERS LIMITED (TFL) #	159504807 of ₹ 10 each	India	33.33	33.33

\* Consequent to full provision recognized towards the investments made in FRBL and UVL as per Indian

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GAAP, the carrying value as on the date of transition has been recognized as deemed cost of investment which is NIL as on IND AS transition date .i.e. 1st April 2015.

Further URVARAK VIDESH LTD. (UVL) has been declared as Dormant Company on 04.11.2015 by Registrar of Companies, New Delhi.

# the shareholding is subject to change depending on the final value of the assets transferred by FCIL to Talcher Fertilizer Ltd.

### b) Transactions during the year with the above referred related parties:

₹ Crore

Sr No.	Particulars	Year ended 31.03.2020	Year ended 31.03.2019
1	Contribution towards share capital-TFL	143.16	11.32
2	Advances given- FRBL	–	19.50
3	Share of Expenses receivable from TFL	2.74	4.45

The advances given to FRBL has fully provided for as doubtful

### c) Balance Outstanding:

₹ Crore

Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
		Joint Ventures	Joint Ventures
1	Advances including advance against pending equity allotment –FRBL *	40.23	40.23
2	Share of Expenses receivable from TFL	7.19	4.45

\*The same has been fully provided.

Company has given guarantee of ₹ 2.20 crore, PY (₹ 2.20 crore) for working capital facilities from banks on behalf of FRBL. Since such facility has not been availed, no provision towards financial guarantee and corresponding asset has been recognized.

## 56.2 Transactions with other entities- where Directors are interested:

### a) Name of the entity & transactions

#### Fertilizers and Chemicals Travancore Ltd. (FACT) -

- Shri Umesh Dongre Director (Finance) being given the additional charge of Director (Finance) of the said entity w.e.f 01st February, 2019 till 28th August, 2019.
- Shri Sudhir Panadare Director (Technical) being given the additional charge of Director (Technical) of the said entity w.e.f 04th June 2019 till 30th November, 2019.
- Shri K U Thankachen Director (Marketing) being given the additional charge of Director (Marketing) of the said entity w.e.f 01st June, 2019.

₹ Crore

Sr. No	Nature of Transaction	2019-20	2018-19
1	Inter corporate Deposit	–	25.50
2	Interest earned during the year	2.17	2.01
3	Earnest Money Deposit(EMD)	–	(0.03)

The amount of ₹ 25.50 crore being the share of contribution of Fertilizers and Chemicals Travancore Ltd (FACT) - a 50% JV partner in FACT-RCF Building Products Ltd (FRBL) paid by RCF towards one time settlement entered into between FRBL and their bankers resulting in discharge of Corporate Guarantee

## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

given by Company to FRBL bankers has been reported under Inter Corporate Deposit (ICD). This ICD along with interest outstanding for the half year ending 31st March 2020 amounting to ₹ 1.09 crore has not been provided for, considering improvement in FACT's financial position and the Company is confident of settlement of the ICD given. FACT is a Government owned Entity and outstanding interest has been settled by them in May 2020. Further the Company has entered into an agreement with FACT for the ICD given, wherein FACT shall repay the same in five annual equal instalments commencing from December 2020.

### b) Disclosure as required by Regulation 34(3) and 53(f) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

₹ Crore

Sr No.	Particulars Entity in which Directors are interested	Current Year		Previous Year	
		Amount as on 31.03.2020	Maximum amount outstanding during the year ended 31.03.2020	Amount as on 31.03.2019	Maximum amount outstanding during the year ended 31.03.2019
1	Loans and Advances including interest to FACT	26.59	26.59	25.50	25.50

### c) Disclosure as per Section 186 of the Companies Act 2013

₹ Crore

Sr No.	Name of Party	Amount as on 31.03.2020	Amount as on 31.03.2019
1	FACT (Joint Venture Partner in FRBL)	26.59	25.50

The share of FACT towards onetime settlement entered in to with Dena Bank amounting to ₹25.50 Crore has been paid by the Company and is reported as Inter Corporate loan given. The said loan carries an interest in accordance with section 186(7) of Companies Act 2013.

## 56.3 Key Management Personnel

### a) Whole Time Directors & Company Secretary

- Shri S. C. Mudgerikar , Chairman & Managing Director from 01.10.2019
- Shri Umesh V. Dhattrak, Chairman & Managing Director upto 30.09.2019
- Shri Sudhir Panadare, Director (Technical) from 18.12.2017
- Shri Umesh Dongre, Director (Finance) and CFO from 09.02.2018
- Shri K. U. Thankachen, Director (Marketing) from 11.12.2018
- Shri Jai Bhagwan Sharma, Company Secretary from 01.10.2017

### b) Independent Directors

- Shri Harin Pathak upto 09.06.2019
- Shri G. M. Inamdar upto 09.06.2019
- Shri Suryanarayana Simhadri upto 07.03.2020
- Prof. Anil Kumar Singh from 07.03.2019
- Dr. Shambhu Kumar from 07.03.2019

### c) Government Nominee Directors

- Ms Alka Tiwari from 06.03.2017
- Ms Gurveen Sidhu from 18.05.2018

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Details relating to parties referred above:

### Remuneration:

Particulars	₹ Crore	
	Year ended 31.03.2020	Year ended 31.03.2019
Shri S. C. Mudgerikar	0.25	–
Shri Umesh V. Dhattrak	0.90	0.55
Shri Sudhir Panadare	0.51	0.55
Shri Umesh Dongre	0.48	0.42
Shri K. U. Thankachen	0.47	0.13
Shri Jai Bhagwan Sharma	0.26	0.24
<b>TOTAL</b>	<b>2.87</b>	<b>1.89</b>

The above amount includes salaries and allowances, contribution to Provident fund, pension etc. and actual payments towards leave encashment, if any.

The remuneration to key management personnel does not include the provisions made for gratuity; leave encashment and post-retirement medical benefits as they are determined on an actuarial basis for the Company as a whole.

There have been no outstanding loans and advances from the above referred parties as at year end.

### Sitting Fees in case of Independent Directors

Particulars	₹ Crore	
	Year ended 31.03.2020	Year ended 31.03.2019
Shri Harin Pathak	0.01	0.04
Shri G. M. Inamdar	0.02	0.06
Shri Suryanarayana Simhadri	0.06	0.06
Prof. Anil Kumar Singh	0.05	–
Dr. Shambhu Kumar	0.05	0.01
<b>TOTAL</b>	<b>0.19</b>	<b>0.17</b>

### 56.4 Transaction with other Government related Entities

Since Government of India owns 75% of the Company's equity share capital (under the administrative control of Ministry of Chemicals and Fertilizers), the disclosures relating to transactions with Government controlled entities have been reported in accordance with para 26 of IND AS 24.

Certain transactions which are individually and collectively significant carried out with Government related entities for purchase of Gases, for procurement of Raw Materials / Finished Goods, Assets / Spare parts from Original equipment manufacturers etc. the details of which are as under:

Name of Entity	Nature of Transaction	₹ Crore	
		2019-20	2018-19
<b>Sale of Product/Services during the year</b>			
Bharat Petroleum Corporation Limited	Deposit received for STP Project	11.74	25.32
Bharat Petroleum Corporation Limited	Renting of Immovable Property	21.63	–
Bharat Petroleum Corporation Limited	Sale of Industrial chemicals	10.62	–
Indian Oil Corporation Ltd	Sale of Industrial chemicals	43.81	25.16
Oil and Natural Gas Corporation Ltd	Renting of Immovable Property	–	20.83
The Singareni Collieries Co. Ltd.	Sale of Industrial chemicals	17.05	10.56
Hindustan Insecticides Limited	Sale of fertilizers	20.31	35.46

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₹ Crore

Name of Entity	Nature of Transaction	2019-20	2018-19
<b>Purchase of Product/Services during the year</b>			
GAIL (India) Ltd	Procurement of Gas / Transportation Charges/ Pool difference payment	5069.52	5104.04
Mangalore Refinery & Petrochemicals	Procurement of Sulphur	–	21.88
Indian Oil Corporation Ltd	Procurement of Gas	81.78	198.22
Bharat Heavy Electricals Limited	Procurement of Capital Goods	18.13	105.19
<b>Accounts Receivable</b>			
Indian Oil Corporation Ltd	Trade & other receivable	11.78	10.19
Hindustan Insecticides Limited	Trade & other receivable	1.71	9.76
<b>Accounts Payable</b>			
GAIL (India) Ltd	Trade & other payables	557.05	314.43
Bharat Heavy Electricals Limited	Trade & other payables	6.58	9.93
Bharat Petroleum Corporation Limited	Trade & other payables	82.12	70.37

The above referred transactions have been carried out on arm's length basis with the said entities.

### 57. Disclosure as per Ind AS 37 on “Provisions, Contingent Liabilities and Contingent Assets” as on 31st March 2020:

₹ Crore

Sr. No.	Particulars	Balance as on 01.04.2019	Addition	Utilization	Reversal	Balance as on 31.03.2020
a)	Disputes and Claims, Legal Matters	2.00 (2.00)	– –	– –	– –	2.00 (2.00)

Figures in brackets are in respect of previous year.

### 58. Earnings per Share –Basic and Diluted

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Net profit after tax as per Statement of Profit and loss (₹ crore) (A)	208.15	139.17
Weighted Average Numbers of Equity Shares for calculating basic EPS (B)	55,16,88,100	55,16,88,100
Basic/Diluted earnings per Share (in Rupees) (Face Value of ₹ 10/- per share) (A)/(B)	3.77	2.52
EPS from continuing operations	3.77	2.52

### 59. “Financial Reporting of interests in Joint Ventures”

The required information is as under:-

#### JOINT CONTROLLED ENTITIES

Name of the Company	Country of Incorporation	Percentage of ownership interest as on	
		31.03.2020	31.03.2019
1) FACT-RCF BUILDING PRODUCTS LTD.	India	50.00	50.00
2) URVARAK VIDESH LTD.	India	33.33	33.33
3) TALCHER FERTILIZERS LIMITED	India	33.33	33.33

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- A) **FACT-RCF BUILDING PRODUCTS LTD:-** A Joint venture Company with Fertilizers and Chemicals Travancore Ltd. (FACT) for manufacture of rapid building materials from Gypsum at Kochi.

### Summarized financial information of Company's investment in FACT-RCF BUILDING PRODUCTS LTD. (FRBL)

₹ Crore

Sr No.	Particulars	As at 31.03.2020 (Unaudited)	As at 31.03.2019 (Audited)
1	Non-Current Assets	55.98	65.48
2	Cash and Cash Equivalent	0.01	1.02
3	Current Assets other than Cash and Cash Equivalent	12.15	15.40
4	Non-Current Liabilities	46.53	41.93
5	Current Liabilities	87.73	91.56
6	Equity	(66.12)	(51.59)
7	Proportion of the company's ownership	50%	50%
8	Carrying amount of the investment*	–	–
9	Capital Commitments	–	4.66
10	Commitment to subscribe to additional equity	–	–
11	Contingent Liabilities	9.65	9.65

₹ Crore

Sr No.	Particulars	Year Ended 31.03.2020 (Unaudited)	Year Ended 31.03.2019 (Audited)
1	Income	16.74	16.61
2	Cost of materials consumed	1.85	3.73
3	Depreciation and amortization expense	9.13	9.12
4	Finance costs	4.79	4.33
5	Employee benefits expenses	3.25	3.80
6	Other Expenses	9.99	10.16
7	Profit/Loss from continuing operations before exceptional item	(14.53)	(13.54)
8	Exceptional Item	–	10.83
9	Profit/Loss Before Tax	(14.53)	(2.71)
10	Total comprehensive income for the year	(14.53)	(2.71)
11	Company's Share of profit / (loss) for the year	(7.27)	(1.37)

\* Owing to the Company's share of losses exceeding its interest in the joint venture, the share of loss stands discontinued to be recognized. Accordingly Company has not recognized share of loss of ₹ 7.27 crore for the year (P.Y. ₹ 1.37 crore) and ₹ 33.07 crore cumulatively upto the year ended 31.03.2020 (₹ 25.80 crore cumulatively upto the year ended 31.03.2019).

- B) **URVARAK VIDESH LTD:-** A joint venture with National Fertilizers Ltd. and KRIBHCO for revival of closed Fertilizer Units of FCI/HFC group of companies has been formed. Further URVARAK VIDESH LTD. (UVL) has been declared as Dormant Company on 04.11.2015 by Registrar of Companies, New Delhi.

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### Summarized financial information of Company's investment in URVARAK VIDESH LTD.

₹ Crore

Sr No.	Particulars	As at 31.03.2020 (Unaudited)	As at 31.03.2019 (Audited)
1	Non-Current Assets	–	–
2	Cash and Cash Equivalent	0.03	–
3	Current Assets other than Cash and Cash Equivalent	0.07	0.10
4	Non-Current Liabilities	–	–
5	Current Liabilities	0.03	0.02
6	Equity	0.07	0.08
7	Proportion of the Company's ownership	33.33%	33.33%
8	Carrying amount of the investment*	–	–

₹ Crore

Sr No.	Particulars	Year Ended 31.03.2020 (Unaudited)	Year Ended 31.03.2019 (Audited)
1	Income	0.01	0.01
2	Cost of materials consumed	–	–
3	Depreciation and amortization expense	–	–
4	Finance costs	–	–
5	Employee benefits expenses	–	–
6	Other Expenses	0.02	0.02
7	Profit/(Loss) from continuing operations	(0.01)	(0.01)
8	Total comprehensive income for the year	(0.01)	(0.01)
9	Company's Share of profit /(loss) for the year #	(0.01)	–

\*Company, on implementation of IND AS had adopted the carrying amount as per IGAAP as its deemed cost of its investment in joint ventures.

- C) **TALCHER FERTILIZERS LIMITED:** - A Joint venture Company with Coal India Limited (CIL), GAIL (India) Limited and Fertilizer Corporation of India Limited (FCIL) was incorporated on 13th November 2015 for revival of the FCIL's fertilizer unit at Talcher by establishing and operating new coal gasification based fertilizer complex(Ammonia/Urea Complex).

### Summarized financial information of Company's investment in TALCHER FERTILIZERS LTD.

₹ Crore

Sr No.	Particulars	As at 31.03.2020 (Unaudited)	As at 31.03.2019 (Audited)
1	Non-Current Assets	301.40	33.71
2	Cash and Cash Equivalent	233.72	17.08
3	Current Assets other than Cash and Cash Equivalent	17.46	5.00
4	Non-Current Liabilities	–	–
5	Current Liabilities	95.80	25.45
6	Equity	456.79	30.33
7	Proportion of the Company's ownership	33.33%	33.33%
8	Carrying amount of the investment	159.51	16.35
9	Income	5.78	0.95



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₹ Crore

Sr No.	Particulars	As at 31.03.2020 (Unaudited)	As at 31.03.2019 (Audited)
10	Cost of materials consumed	-	-
11	Depreciation and amortization expense	0.15	0.05
12	Finance costs	-	-
13	Employee benefits expenses	-	-
14	Other Expenses	8.67	19.63
15	Profit/(Loss) from continuing operations	(3.04)	(18.73)
16	Total comprehensive income for the year	(3.03)	(18.74)
17	Company's Share of profit / (loss) for the year	(1.01)	(6.25)

### 60. Miscellaneous expenses include auditors' remuneration as per details given below:

₹ Crore

Sr No.	Particulars	Year ended 31.03.2020	Year ended 31.03.2019
1	Audit fees for the year	0.24	0.21
2	Audit fees for Limited review	0.03	0.03
3	Audit fees for Consolidated Financial Statement	0.01	0.01
4	For Certificate and other expenses	0.13	0.14

### 61. The position of (Net) Certified Emission Reductions (CER's) or Carbon Credits allotted and held by the Company is as under:-

Particulars	Unit	2019-20	2018-19
CER's at the beginning of the year (includes 28,772 CERS held on behalf of supplier of Catalyst)	No.	9,73,738	9,73,738
CER's Allotted	No.	-	-
CER's Sold	No.	-	-
CER's held at year end (includes 28,772 CERS held on behalf of supplier of Catalyst)	No.	9,73,738	9,73,738
CER's under certification	No.	Nil	Nil
Depreciation, operating and maintenance cost of emission reduction equipment's expensed during the year	₹ Crore	0.02	0.21

### 62. Employee Benefits:

The required disclosure under IND AS 19 is given below.

#### General Description of Defined Benefit Plan

##### 1) Provident Fund:-

- a) The Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952.

During the year an amount of ₹ 38.11 crore (P.Y. ₹ 37.08 crore) has been charged off to statement of Profit and loss towards contribution by the Company.

- b) Pending finalisation of accounts of the Company's Employees Provident Fund Trust, the investments held by the Trust amounting to ₹ 92.64 crore have become doubtful as at 31st March 2020 owing to defaults with respect to payment of principal and interest warranting provision towards the same. The same will have to be made good by the Company, as principal employer, in the event there are no adequate assets of the Trust to meet its liabilities as per EPFO Act.

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However as per Ind AS 19, for Defined Benefit plans, Company is required to ascertain the present value of the defined benefit obligation and compare with the fair values of the Plan assets to determine the surplus or deficit, if any, as at Balance Sheet date. Deficit, if any, needs to be accounted in the books of the Company. Accordingly, Company has recognized an amount of ₹19.07 crores as contribution to Trust owing to such deficit.

The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

Particulars	As at 31st March 2020	As at 31st March 2019
Maturity profile assumed upto	5 years	5 years
Expected guaranteed interest rate	8.50%	8.65%
Discount rate	6.84%	7.47%

The funds of the trust have been invested under various securities as per the pattern of investment mandated by Employees Provident Fund Organization (EPFO) Guidelines.

Changes in the benefit obligation and fair value of plan assets as at March 31, 2020

₹ Crore

Particulars	2019-20		
	Defined Benefit Obligation	Fair Value of Plan Asset	Net Benefit Asset
Opening Balance	(1045.72)	1106.05	
Service Cost	(36.93)	-	
Net Interest Expenses	(84.76)	84.76	
Benefits Paid	178.18	(178.18)	
Return on Plan Asset (excluding amounts included in net Interest Expense)	-	(1.02)	
Difference in Book value & Fair Value of Plan Asset	-	(78.38)	
Experience Adjustment	-	-	
Settlement /Transfer in	(0.96)	0.96	
Settlement /Transfer out	0.60	(0.60)	
Contribution by Plan Participants Employees	(50.34)	50.34	
Contribution by Employer	-	36.93	
Closing Balance	(1039.92)	1020.85	(19.07)

### 2) Gratuity:-

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service depending upon the date of joining the same is payable on death, separation from service, or retirement, whichever is earlier. The benefit vests after five years of continuous service. During the year, the charge on account of Gratuity to Statement of Profit and Loss is ₹ 12.46 crore (PY ₹ 20.55 crore).

### 3) Leave Encashment:-

The Company has been accounting for provision on account of leave encashment on retirement based on actuarial valuation carried out as at the Balance Sheet date.

The liability for the leave encashment on retirement as at 31st March 2020 is ₹ 200.57 crore (P.Y. ₹ 210.26 crore)

### 4) Post-Retirement Medical Benefits:-

The Company has been accounting for provision on account of post-retirement medical benefits based on actuarial valuation carried out as at the Balance Sheet date. Employees of the company upon retirement/separation under Voluntary Retirement Scheme are entitled to medical benefits as per agreed upon scheme in force.

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### 5) Long Term Service Award:

As a part of cordial relation and appreciation of long dedicated service, Company is honoring its employees with a memento on completion of 25 years of service.

#### General Description of Defined Contribution Plan

**Contributory Superannuation Scheme:** -The scheme is a defined contribution scheme. Employees are required to exercise their option to be a part of the scheme and make a contribution equivalent to the amount contributed by the Company to the fund, upon becoming the member of the scheme Under the scheme the employee shall be eligible for pension provided they have put in at least 15 years of service in the Company and superannuate from the Company which is as per Government of India guidelines. During the year Company has recognized an expenditure of ₹ 12.25 crore (P.Y. ₹ 13.10 crore) as contribution towards the said scheme.

#### Gratuity & Post-Retirement Medical Benefits:

The following table shows the impact of actuarial valuation as recognized in the financial statements in respect of Gratuity and Post-retirement medical benefits.

Particulars	₹ Crore			
	As at 31st March 2020		As at 31st March 2019	
	Gratuity (Funded)	Post-Retirement Medical Benefits (Non-Funded)	Gratuity (Funded)	Post-Retirement Medical Benefits (Non-Funded)
<b>1) Components of Employer expenses</b>				
Current Service Cost	8.97	2.37	9.41	2.77
Past Service cost	-	-	-	-
Net Interest Cost / (Income)	2.61	6.05	10.12	5.21
<b>Net expense/(gain) recognized in the statement of Profit and Loss (refer note below)</b>	<b>11.58</b>	<b>8.42</b>	<b>19.53</b>	<b>7.98</b>
Re-measurement of the net defined benefit liability				
Actuarial Gains or Losses due to changes in Financial Obligations	8.46	6.47	1.22	(0.11)
Actuarial Gains or Losses due to experience adjustments	(3.64)	8.02	(2.39)	8.75
Return on plan assets excluding amounts included in Net Interest Expense	0.77	-	3.67	-
<b>Components of defined benefit cost/(Income) recognized in other comprehensive income</b>	<b>4.05</b>	<b>14.49</b>	<b>(4.85)</b>	<b>8.65</b>
<b>2) Changes in Benefit Obligations</b>				
<b>Present value of Obligation at year beginning</b>	<b>306.96</b>	<b>77.75</b>	<b>317.99</b>	<b>67.18</b>
Service Cost	8.97	2.37	9.41	2.77
Interest Cost	22.93	6.05	24.04	5.21
Past Service cost	-	-	-	-
Liability Transferred In/ Acquisitions	0.20	-	-	-
Actuarial(gain)/Loss	4.82	14.49	(1.17)	8.64
Benefits paid	(50.29)	(6.50)	(43.31)	(6.06)
<b>Present value of Obligation at year end</b>	<b>293.59</b>	<b>94.15</b>	<b>306.96</b>	<b>77.75</b>
<b>3) Changes in Plan Assets</b>				
Fair value of Plan Assets , at year beginning	272.03		184.04	
Assets Transferred In/Acquisitions	0.20			

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₹ Crore

Particulars	As at 31st March 2020		As at 31st March 2019	
	Gratuity (Funded)	Post-Retirement Medical Benefits (Non-Funded)	Gratuity (Funded)	Post-Retirement Medical Benefits (Non-Funded)
Expected return on Plan Assets	20.32		13.91	
Employer's contributions	50.29		113.70	
Benefits paid	(50.29)		(43.30)	
Actuarial gain/(Loss)	–			
Return on plan Asset excluding interest income.	0.77		3.67	
Fair value of Plan Asset at the year end	293.31		272.03	
Present Value of funded defined benefit obligation	293.59	94.15	306.96	77.75
Fair value of Plan Asset	293.31		272.03	
Net (Liability)/Asset arising from defined benefit obligation	(0.28)		(34.94)	-
<b>Category of Plan Assets</b>				
Insurance Fund	293.31		272.03	
<b>Total</b>	<b>293.31</b>		<b>272.03</b>	
<b>Actuarial Assumptions</b>				
Discount Rate(per annum)	6.84%	6.81%	7.47%	7.78%
Expected Rate of Return on Assets (per annum)	6.84%	–	7.47%	–
Salary Escalation/Annual increase in health care cost	8.00%	4.00%	8.00%	–
Rate of Employee Turnover	2.00%	2.00%	2.00%	2.00%
Contribution to defined benefit plan during the next financial year				
<b>Sensitivity Analysis for Significant Assumptions is as given below</b>				
One percentage point increase in discount rate	(13.14)	(6.66)	(12.89)	(5.18)
One percentage point decrease in discount rate	14.85	7.81	14.44	6.03
One percentage point increase in salary increase	5.03		5.33	
One percentage point decrease in salary increase	(5.63)		(5.88)	
One percentage point increase in employee turnover rate	1.29		1.61	
One percentage point decrease in employee turnover rate	(1.41)		(1.75)	
<b>The expected future cash flows:</b>				
<b>Projected benefits payable in future years from the date of reporting</b>				
1st Following Year	55.18	7.13	57.72	6.10
2nd Following Year	31.28	7.24	36.01	6.28
3rd Following Year	48.63	7.23	45.10	6.28
4th Following Year	40.76	7.28	46.58	6.39
5th Following Year	28.75	7.39	39.14	6.58
Sum of Years 6 to 10	103.38	36.51	110.99	32.95
Sum of Years 11 and above	147.02	–	146.95	–

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

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Furthermore in presenting the above sensitivity analysis the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Estimates of future salary increase considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market.

### 63. The position of Hedged Foreign currency exposures are as under:

₹ Crore				
Particulars	Hedged Exposure	Cross Currency	As on 31.03.2020	As on 31.03.2019
Foreign Currency exchange contracts	Buyer's credit/Supplier's credit availed for import of raw materials and traded products	USD	74.97	533.54
	Long Term Borrowings	USD/EUR	50.85	70.33

### Derivative Financial Instruments

The status of derivative financial instruments outstanding is as under:-

in million					
Hedging Instrument	Currency	Hedged Exposure	Currency	As on 31.03.2020	As on 31.03.2019
Forwards/ Call Spreads /Seagull options	USD / INR	Buyers Credit / Suppliers Credit/ Foreign Currency Long Term Loans	USD	10.17	79.16
	EUR/INR	External Commercial Borrowings	EUR	2.13	6.38
	EUR/USD	External Commercial Borrowings	EUR	4.25	-

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:-

₹ Crore		
Particulars	As on 31.03.2020	As on 31.03.2019
Foreign currency term loans	121.27	154.68
Buyer's credit/Suppliers credit for import of raw materials and others	238.83	78.40
Receivable from suppliers	6.53	3.98

### 64. Contingent Assets:

As per the Arbitration award received in its favor for the compensation claimed in respect of surrender of land to Mumbai Metropolitan Regional Development Authority (MMRDA) on 23rd May, 2018, Company is eligible for compensation either in the form of cash / TDRs amounting to ₹ 75.17 crore along with interest over and above the entitled compensation as recommended by Arbitration award. Company has filed an execution application, however MMRDA has obtained stay against the same from Mumbai High Court subject to deposit of 25% of the disputed amount with the Court.

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**65. Exceptional items:**

**a) Exceptional item consist of :**

₹ Crore

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Loss / (Gain) on Revaluation of Development Right Certificate received / receivable from MMRDA towards surrender of land in earlier years to MMRDA/MCGM.	64.84	21.58
Fair value gain on account of valuation of Development Right Certificate receivable from Municipal Corporation of Greater Mumbai towards surrender of land.	35.33	(45.02)
<b>Net Exceptional Expense / (Income)</b>	<b>100.17</b>	<b>(23.44)</b>

The loss on account of fair valuation of Transferable Development Rights (TDRs) received /accrued has been reported as exceptional item amounting to ₹ 100.17 crore. Hitherto, as at 31.03.2019 the Company expecting TDRs to be sold in the coming financial year had classified the same as Non-Current Assets Held for sale. Considering the current depression in the real estate segment which has been further aggravated owing to COVID-19 pandemic, the sale of the same is not highly probable. Accordingly as per IND AS 105, the TDRs cannot be classified as Non-Current Asset Held for sale and has been reclassified as investment at fair value of ₹ 31.23 crore for the year ended 31.03.2020.

**66. Disclosure relating to Corporate Social Responsibility “CSR” Activities**

Company during the year has incurred an expenditure of ₹ 3.42 crore (P.Y. ₹ 3.88 crore) towards the same which is reported under Note No. 37 “Other Expenses” & Note 37B “Miscellaneous expenses”.

The functional classification of the same is as under:-

₹ Crore

Particulars	Year ended 31.03.2020		Year ended 31.03.2019	
	Construction / Acquisition of any assets (i)	On the purpose other than (i)	Construction / Acquisition of any assets (i)	On the purpose other than (i)
Water charges	-	0.83	-	0.67
Repairs and Maintenance	-	0.29	-	0.11
Miscellaneous expenses	-	2.30	-	3.10
<b>Total</b>	-	<b>3.42</b>	-	<b>3.88</b>

The other disclosures are as under:-

₹ Crore

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Gross amount required to be spent by the Company during the year	3.23	3.84
Amount spent during the year (on purpose other than construction / acquisition of assets controlled by the Company)	3.42	3.02
Amount yet to be paid in cash	0.30	0.86

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### 67. Income Tax

Reconciliation of tax expense and the accounting profit as per below:

₹ Crore

Sr. No.	Particulars	Year ended 31.03.2020	Year ended 31.03.2019
1	Accounting profit before tax from continuing operations	202.93	235.25
2	Profit/(loss) before tax from a discontinued operation	–	–
3	Long term capital gain on TDR	–	23.44
4	<b>Accounting profit before income tax (other than above)</b>	<b>202.93</b>	<b>211.81</b>
	<b>At the effective income tax rate of (31st March 2020: 25.17% and 31st March 2019: 34.94%)</b>	<b>51.07</b>	<b>74.01</b>
<b>A</b>	<b>Effect of expenses that are not deductible in determining taxable profit</b>		
	i) Disallowance of CSR expenditure	0.91	1.35
	ii) Perquisite tax paid on behalf of employees	0.67	0.66
	iii) Other permanent differences	2.60	24.82
<b>B</b>	<b>Effect of income that is exempt from taxation</b>		
	i) Income not considered for Tax purpose	(0.08)	(1.22)
<b>C</b>	Deferred Tax Asset (MAT credit) reversal as no longer allowed	6.01	–
<b>D</b>	Effect of deferred tax of previous period	7.95	6.10
<b>E</b>	Effect due to change in tax rate	(75.01)	–
	<b>Sub Total (A + B+ C)</b>	<b>(5.88)</b>	<b>105.73</b>
<b>F</b>	<b>Tax on Long term capital gains on TDR</b>	<b>–</b>	<b>7.56</b>
<b>G</b>	<b>Adjustment in respect of current income tax of previous year</b>	<b>0.22</b>	<b>(17.20)</b>
<b>H</b>	<b>At the effective income tax rate of % (31st March 2020: -2.79%, 31st March 2019: 40.84%)</b>	<b>(5.66)</b>	<b>96.08</b>

### 68. Deferred Tax

For the Year 2019-20

₹ Crore

Particulars	Opening Balance 01.04.2019	Recognized in P&L	Recognized in OCI	Closing Balance 31.03.2020
<b>DEFERRED TAX LIABILITY</b>				
Depreciation	392.47	(106.30)	–	286.17
Revaluation of FVTOCI Investments to Fair value	24.29	–	(6.23)	18.06
Other timing differences	1.01	(0.24)	–	0.77
TDR Accrued	8.39	–	–	8.39
<b>TOTAL</b>	<b>426.16</b>	<b>(106.54)</b>	<b>(6.23)</b>	<b>313.39</b>
<b>DEFERRED TAX ASSET</b>				
Provision for doubtful debts/claims/advances	16.49	(4.54)	–	11.95
Provision for obsolescence of stores	9.65	(5.51)	–	4.14
Provision for diminution in value of investments	12.37	(12.37)	–	–
Expenditure allowable on payment basis	92.91	(23.62)	–	69.29
Other timing differences	14.41	16.66	–	31.07
<b>TOTAL</b>	<b>145.84</b>	<b>(29.38)</b>	<b>–</b>	<b>116.45</b>
<b>NET DEFERRED TAX LIABILITY</b>	<b>280.33</b>	<b>(77.16)</b>	<b>(6.23)</b>	<b>196.94</b>

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For the Year 2018-19

₹ Crore

Particulars	Opening Balance 01.04.2018	Recognized in P&L	Recognized in OCI	Closing Balance 31.03.2019
<b>DEFERRED TAX LIABILITY</b>				
Depreciation	356.93	35.54	–	392.47
Revaluation of FVTOCI Investments to Fair value	19.89	–	4.40	24.29
Other timing differences	0.77	0.24	–	1.01
TDR Accrued	–	8.39	–	8.39
<b>TOTAL</b>	<b>377.59</b>	<b>44.17</b>	<b>4.40</b>	<b>426.16</b>
<b>DEFERRED TAX ASSET</b>				
Provision for doubtful debts/claims/advances	8.63	7.86	–	16.49
Provision for obsolescence of stores	8.61	1.04	–	9.65
Provision for diminution in value of investments	12.37	–	–	12.37
Expenditure allowable on payment basis	113.26	(20.35)	–	92.91
Disallowance to be claimed in future on actual basis	10.09	(10.09)	–	–
Other timing differences	4.86	9.55	–	14.41
<b>TOTAL</b>	<b>157.82</b>	<b>(11.99)</b>	<b>–</b>	<b>145.84</b>
<b>NET DEFERRED TAX LIABILITY</b>	<b>219.77</b>	<b>56.16</b>	<b>4.40</b>	<b>280.33</b>

### 69. Hedging activities and derivatives

#### • Derivatives not designated as hedging instruments

The Company has foreign currency denominated borrowings in the nature of External Commercial borrowings (ECBs), Foreign Currency Term Loan (FCTL) for its long term requirements and Buyers Credit, Suppliers credit for meeting its short term fund requirement. The Company has a hedging policy in place to manage its foreign currency risk relating to these borrowings. The Company uses various products for hedging like Forex Forward Contracts, Forward Rate Agreements, Plain Vanilla Options (call option and put option), Seagull options, Interest Rate Swaps, Currency Swaps including Cross-Currency Swaps etc. The Company undertakes hedging through these products considering the tenor of the underlying instrument and the same are not designated as cash flow hedges.

### 70. Fair values

The management has assessed that its financial assets and liabilities like cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values for the given below financial assets.

#### • Unquoted Equity Shares of Indian Potash Limited

The fair values of the unquoted equity shares have been estimated using a weighted average of DCF, PE and NAV model. The Company avails the services of professional valuer's for valuation of the same and the fair values so reported are based on a valuation report received from an investment valuation expert.

#### • Derivatives not designated as hedges

The Company enters into derivative financial instruments with various banks. Interest rate swaps, foreign exchange forward contracts, derivative instruments are valued using valuation techniques, which employs the use of market observable inputs (i.e. based on inputs/statement of position received from banks). All derivative contracts with banks are unsecured.



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### ● Investment Properties

The value of the investment properties are based on the information and a study of the micro market in discussions with industry experts, local brokers and regional developers.

**Fair values hierarchy is detailed as below**

₹ Crore

Fair values Hierarchy	31.03.2020		31.03.2019	
	Significant observable inputs	Significant unobservable inputs	Significant observable inputs	Significant unobservable inputs
	Level 2	Level 3	Level 2	Level 3
Financial Assets				
Investment in Unquoted Equity Shares of Indian Potash Ltd.	–	72.26	–	69.99
Derivative Instruments not Designated as Hedges	2.67	–	0.14	-
Assets held for disposal	–	–	–	–
TDRs recognized at fair market value	31.32	–	131.49	-
Financial Liability	–	–	–	–
Derivative Instruments not Designated as Hedges	–	–	5.16	–
Assets for which Fair values are disclosed	–	–	–	–
Investment Properties	842.58	–	840.55	–

### 71. Financial risk Management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise of loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support operations of its subsidiaries/joint ventures, if any.

The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds FVTOCI investments and enters into derivative transactions.

The Company is exposed to market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures, The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, use of financial hedging instruments.

The Company's management oversees these risks with the support of a Risk Management Committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Risk Management Committee provides assurance to the Company's management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

All derivative activities for risk management purposes are carried out by designated officers who have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. These risks are summarized below:

#### ● Interest Rate Risk:

##### **Interest Rate Risk Management:**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risks because the Company borrows funds at both fixed and floating interest rates.

## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align interest rate views and defined risk appetite, ensuring the most cost-effective hedging structures are applied and accordingly the Company enters into interest rate swaps.

### Interest Rate Sensitivity Analysis:

The sensitivity analysis has been determined based on the exposure to interest rate risk on the borrowings outstanding as at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year with a 50 basis point increase or decrease. The detailed sensitivity analysis is given below:

₹ Crore

Nature of Floating interest rate Loans	Total outstanding floating rate loans	Current interest rate	Change	Impact on Profit and Loss Account (+Profit / -Loss)
<b>As on 31.03.2020</b>				
EUR Borrowings	141.18	1.05%	0.50%	(0.71)
			-0.50%	0.71
INR Borrowings	574.94	7.24%	0.50%	(2.87)
			-0.50%	2.87
<b>Total</b>	-	-	-	<b>(3.58)</b>
				<b>3.58</b>
<b>As on 31.03.2019</b>				
USD borrowings	20.72	5.65%	0.50%	(0.10)
			-0.50%	0.10
EUR Borrowings	164.57	1.05%	0.50%	(0.82)
			-0.50%	0.82
INR Borrowings	352.29	8.34%	0.50%	(1.76)
			-0.50%	1.76
<b>Total</b>	<b>537.58</b>	-	-	<b>(2.69)</b>
				<b>2.69</b>

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

- **Credit Risk:**

#### Credit Risk Management:

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigation the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse geographical areas for its fertilizers segment and across geographical areas and industries in respect of its chemicals segment. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The credit risk on liquid funds is limited because the counterparties are primarily Public Sector mutual funds and further the Company invests only in 100% debt oriented schemes of such funds. As regards derivative financial instruments the same is also limited because the counterparties are banks whose operations are regulated by the Reserve Bank of India.

## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

- Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. The Company's activities exposes it's primarily to the financial risk of changes in foreign currency risk and interest rates risk.

- Liquidity risk**

### Liquidity risk management

Liquidity risk management refers to the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

₹ Crore

Company's Financial Liabilities	As at 31.03.2020					
	Demand	<3 Months	3-12 Months	1-5 years	>5 Years	Total
Borrowings	82.00	3880.51	259.60	486.47	114.44	4823.02
Trade Payables	694.92	263.33	38.48	211.79	–	1208.52
Other Financial Liabilities	223.65	27.68	125.00	4.70	0.05	381.08
<b>TOTAL</b>	<b>1000.57</b>	<b>4171.52</b>	<b>423.08</b>	<b>702.96</b>	<b>114.49</b>	<b>6412.62</b>
	As at 31.03.2019					
Borrowings	18.54	2796.81	221.24	425.11	–	3461.70
Trade Payables	769.54	305.62	79.93	211.79	–	1366.88
Other Financial Liabilities	228.44	32.04	38.29	43.08	0.64	342.49
<b>TOTAL</b>	<b>1016.51</b>	<b>3134.47</b>	<b>339.46</b>	<b>679.97</b>	<b>0.64</b>	<b>5171.07</b>

- Foreign Currency Risk:**

The Company undertakes transactions denominated in foreign currencies, consequently, exposure to exchange rate fluctuations arise. The Company has a Board approved Hedging Policy in place entailing parameters for hedging its foreign currency exposures completely before their maturities. The Company manages its exchange rate exposures within the approved parameters of the hedging policy through various derivative instruments such as options, swaps etc.

### Foreign Currency Sensitivity Analysis:

The Company is mainly exposed to the currency of USD and EUR. The following table details the Company's sensitivity to a 5% increase and decrease in the INR as against the USD/EUR. The sensitivity analysis includes only outstanding foreign currency denominated monetary items i.e. loans in foreign currency and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number indicates an increase in profit or equity where the INR strengthens 5% against USD/EUR. For a 5% weakening of INR as against USD/EUR, there would be a comparable impact on the profit or equity, and the number would be negative.

## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

₹ Crore

As on 31st March 2020									
Currency	Trade Payables	Bank Loans (Long term + Short Term)	Derivative Financial Instruments	Interest accrued but not due on borrowings	Total Exposure to Foreign Currency	Exchange rate as on 31.03.2020	Change	Change per USD	Impact on Profit and Loss Account (+Profit / -Loss)
	In Million					₹/Foreign Currency	%	₹/Foreign Currency	₹ in Crore
USD	20.63	32.65	10.17	0.03	63.47	75.3859	5%	3.7693	(23.92)
							-5%	-3.7693	23.92
EUR		17.00	2.13	0.05	23.43	83.0496	5%	4.1525	(9.73)
							-5%	-4.1525	9.73

₹ Crore

As on 31st March 2019									
Currency	Trade Payables	Bank Loans (Long term + Short Term)	Derivative Financial Instruments	Interest accrued but not due on borrowings	Total Exposure to Foreign Currency	Exchange rate as on 31.03.2019	Change	Change per USD	Impact on Profit and Loss Account (+Profit / -Loss)
	In Million					₹/Foreign Currency	%	₹/Foreign Currency	₹ in Crore
USD	80.49	25.92	86.35	0.14	192.90	69.1198	5%	3.4560	(66.67)
							-5%	-3.4560	66.67
EUR	-	21.25	6.38	0.12	27.75	77.4478	5%	3.8724	(10.75)
							-5%	-3.8724	10.75

### 72. Capital Management

For the purpose of the Company's Capital management, capital includes equity capital and all other reserves. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company, for its capex requirement, borrows to the extent of 70% of the requirement and the remaining 30% shall be sourced from the internal accruals. Further, the Company, being a Public sector undertaking, is governed by the guidelines of the Department of Investment & Public Asset Management (DIPAM), which specifies the minimum percentage of dividend that can be declared. Accordingly, the Company has to manage its capex in such a way that the minimum dividend payout as stipulated is met. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

#### Gearing Ratio:

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in financial covenants of any interest-bearing loans and borrowings in the currency period.

No changes have been made in the objectives, policies and processes for managing capital during the years ended 31st March 2020 & 31st March 2019.

## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

₹ Crore

Particulars	31.03.2020	31.03.2019
Borrowings (Current + Non-Current)	4823.02	3461.7
Trade Payables	1208.52	1366.88
Total Debt (A)	6031.54	4828.58
Total Capital (B)	3186.27	3033.76
Total Capital and Net Debt (C)	9217.81	7862.34
Gearing Ratio (A/C X 100)	65.43	61.41

### 73. Disclosure as per IND AS 116

₹ Crore

Sr. No.	Particulars	As at 01.04.2019	As at 31.03.2020
<b>Details pertaining to Lease Arrangement considered as ROU</b>			
1	Total Gross Lease liability	14.42	18.35
2	Total Discounted lease liability	10.12	11.41
3	Cash Outflow due to Lease Liability	-	3.28
4	Interest charged to Statement of Profit & Loss	-	0.90
5	Depreciation charged to Statement of Profit & Loss	-	2.74
6	Cancellations charged to Statement of Profit & Loss	-	-
7	<b>Maturity Profile of Lease Liability</b>		
	On Demand	-	-
	Less Than 3 Months	0.63	0.56
	3 to 12 Months	1.93	1.25
	1 to 5 years	3.48	4.70
	5 Years & Above	4.08	4.90
	<b>Grand Total</b>	<b>10.12</b>	<b>11.41</b>
<b>Details pertaining exemptions availed as Short Term Lease Arrangement and not considered above</b>			
8	Total Short Term Lease Liability	0.17	-
9	During the year charged to Statement of Profit & Loss	-	4.77
10	<b>Disclosure of undiscounted lease receivables wrt to assets given on Operating lease as a lessor</b>		
	On Demand	-	-
	Less Than 3 Months	2.02	1.93
	3 to 12 Months	10.62	9.72
	1 to 5 years	17.15	7.98
	5 Years & Above	1.91	1.56
	<b>Grand Total</b>	<b>31.70</b>	<b>21.19</b>

Refer Note no 1, 20, 26, 43

74. The standalone financial statements were authorized for issue in accordance with a resolution passed by the Board of Directors on 29th May 2020.
75. The financial statements as approved by the Board of Directors are subject to audit by Comptroller and Auditor General of India and final approval by its Shareholders.

**EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

**76. Covid-19 Impact Analysis:**

- a) For the year ended 31st march, 2020 operation of the Company were scaled down during the last fortnight of the year. The Company was quick in restoring the operations ensuring health, safety and well-being of its employees. This has not impacted the operations and results for the year ended 31st March, 2020.
- b) For the year financial year 2020-21 adverse impact is anticipated in the following areas:
- Manpower - Own employees as well as Contract labour downtime due movement restrictions and health issues.
  - Delay in commissioning of projects and the ensuing benefits due to delayed supply of equipments and restrictions in movement of personnel from foreign countries / within India required for the project.
  - Rationalization of Government expenditures may result in delayed settlement of subsidies straining liquidity and working capital.

**77.** The figures of the previous year have been re-arranged and regrouped wherever necessary and / or practicable to make them comparable with those of the current year.

For and on behalf of the Board of Directors

**RASHTRIYA CHEMICALS AND FERTILIZERS LTD.**

**(S. C. Mudgerikar)**

Chairman & Managing Director

DIN : 03498837

**(Umesh Dongre)**

Director (Finance)

DIN : 08039073

**(J. B. Sharma)**

Company Secretary

Membership No: FCS5030

Dated : 29th May, 2020

Place: Mumbai

As per our report of even date attached

**For Chhajed & Doshi**

Chartered Accountants

Firm Regn. No. 101794W

**(Kiran K. Daftary)**

Partner

Membership No: 010279

Dated : 29th May, 2020

Place: Mumbai

**For Ford Rhodes Parks & Co. LLP**

Chartered Accountants

Firm Regn. No. 102860W / W100089

**(Astha Kariya)**

Partner

Membership No: 122491

## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

Annexure-1

### STANDALONE SEGMENTWISE REVENUE & RESULTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

₹ Crore

Sr. No	Particulars	Fertilizers	Trading	Industrial Chemicals	Unallocated	Total
	<b>SEGMENT REVENUE</b>					
i.	Sales (Incl. Subsidy wherever applicable)	8063.21	949.83	660.94	-	9673.98
ii.	Other operating Income	12.97	0.11	0.22	10.67	23.97
	<b>Total Revenue</b>	<b>8076.18</b>	<b>949.94</b>	<b>661.16</b>	<b>10.67</b>	<b>9697.95</b>
	<b>SEGMENT RESULT</b>					
i.	Segment Results	431.45	91.16	(11.10)	(112.17)	399.34
ii.	Interest Expense					237.82
iii.	Interest Income					41.41
iv.	<b>Profit before Tax</b>					<b>202.93</b>
v.	Tax - Current					71.72
vi.	Deferred Tax Liability / (Asset)					(77.16)
vii.	Tax adjustments of earlier years (excess) / short					0.22
viii.	<b>Net Profit</b>					<b>208.15</b>
	<b>OTHER INFORMATION</b>					
i.	Segment Assets	7705.77	190.10	322.73	2081.90	10300.50
ii.	Segment Liabilities	1901.25	0.08	84.16	5128.74	7114.23
	<b>Other Disclosures</b>					
iii.	Capital Expenditure	461.45	-	2.84	3.27	467.56
iv.	Depreciation and Amortisation	125.36	-	38.89	4.27	168.52
v.	Impairment	-	-	2.86	-	2.86
vi.	Other Non Cash Expenses	8.03	-	0.00	(0.01)	8.02

**EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

**STANDALONE SEGMENTWISE REVENUE & RESULTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

₹ Crore

Sr. No	Particulars	Fertilizers	Trading	Industrial Chemicals	Unallocated	Total
	<b>SEGMENT REVENUE</b>					
i.	Sales (Incl. Subsidy wherever applicable)	7541.23	372.91	955.16	–	8869.30
ii.	Other operating Income	5.32	0.14	1.07	9.64	16.17
	<b>Total Revenue</b>	<b>7546.55</b>	<b>373.05</b>	<b>956.23</b>	<b>9.64</b>	<b>8885.47</b>
	<b>SEGMENT RESULT</b>					
i.	Segment Results	277.76	36.80	60.27	(1.50)	373.33
ii.	Interest Expense					155.85
iii.	Interest Income					17.77
iv.	<b>Profit before Tax</b>					<b>235.25</b>
v.	Tax - Current					57.12
vi.	Deferred Tax Liability / (Asset)					56.16
vii.	Tax adjustments of earlier years (excess) / short					(17.20)
viii.	<b>Net Profit</b>					<b>139.17</b>
	<b>OTHER INFORMATION</b>					
i.	Segment Assets	7615.23	675.31	353.09	276.86	8920.49
ii.	Segment Liabilities	1560.20	377.66	119.98	3827.95	5885.79
	<b>Other Disclosures</b>					
iii.	Capital Expenditure	332.26	–	4.68	6.62	343.56
iv.	Depreciation	120.28	–	31.64	4.11	156.03
v.	Impairment	–	–	–	–	–
vi.	Other Non Cash Expenses	10.47	–	0.01	19.51	29.99

- \* Finance income and costs, and Corporate expenses are not allocated to individual segments as the same are managed on a group basis.
- \* Current taxes, deferred taxes and write back of excess tax provisions are also not allocated to those segments as they are also managed on a group basis.
- \* Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties.



## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

### REONCILIATIONS TO AMOUNTS REFLECTED IN FINANCIAL STATEMENTS

₹ Crore

Sr. No	Particulars	AS AT 31.03.2020	AS AT 31.03.2019
<b>I</b>	<b>OPERATING REVENUE</b>		
	<b>Segment Revenue</b>		
	India	9686.95	8875.83
	Outside India	0.33	-
	<b>Segment Revenue</b>	<b>9687.28</b>	<b>8875.83</b>
	Unallocated - Management fees	10.67	9.64
	<b>Total Operating Revenue</b>	<b>9697.95</b>	<b>8885.47</b>
<b>II</b>	<b>RECONCILIATION OF PROFITS</b>		
	Segment Profit	511.51	374.83
	Add: Interest Income	41.41	17.77
		<b>552.92</b>	<b>392.60</b>
	less: Finance Costs	237.82	155.85
	Corporate Expenses (net)	112.17	1.50
	<b>Profit Before Tax</b>	<b>202.93</b>	<b>235.25</b>
<b>III</b>	<b>RECONCILIATION OF ASSETS</b>		
	<b>Segment Assets</b>	8218.6	8643.63
	Investments	263.00	86.34
	Corporate Assets + CWIP	24.42	25.45
	Non Current Tax Asset	109.6	105.15
	Derivatives not designated as hedges (MTM Gain Receivable)	2.67	0.14
	Cash & Bank balances	1.09	3.04
	Other assets *	1681.12	56.74
	<b>Total Assets</b>	<b>10300.5</b>	<b>8920.49</b>
<b>IV</b>	<b>RECONCILIATION OF LIABILITIES</b>		
	Segment Liabilities	1985.49	2057.84
	Borrowings long term	600.91	425.11
	Current maturities of long term Loans	145.24	151.12
	Borrowings Short term	4075.78	2880.96
	Deferred Tax Liabilities	196.94	280.33
	Current Tax Liability	53.25	-
	Derivatives not designated as hedges (MTM Loss Payable)	0.03	-
	Other current financial liabilities	7.23	45.33
	Other non current financial liabilities	-	0.09
	Other Liabilities	49.36	45.01
		<b>7114.23</b>	<b>5885.79</b>

\* Includes an amount of ₹ 1598.65 Crore receivable from Government of India towards Import of Urea on Government Account (P.Y. NIL)

# CONSOLIDATED FINANCIAL STATEMENTS

## INDEPENDENT AUDITOR'S REPORT (REVISED)

### TO THE MEMBERS OF RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED.

#### Report on the Consolidated Ind AS Financial Statements

#### Opinion

We have audited the accompanying consolidated Ind AS financial statements of **RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED** (hereinafter referred to as "the Company") and its jointly controlled entities comprising of the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and Consolidated Statement of cash flows for the year ended March 31, 2020, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. (hereinafter referred to as "the Consolidated Ind AS Financial Statement").

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

#### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated IND AS Financial Statements* section of our report. We are independent of the 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 consolidated financial statements under the provisions of the Act and the Rules made 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 IND AS financial statements.

#### Emphasis of Matters

##### a) Note No. 47 – Subsidy Income:

DoF vide its Notification dated 30<sup>th</sup> March, 2020 has removed the ambiguity with respect to eligible

compensation on revision in fixed costs effective from 2<sup>nd</sup> April, 2014 under Modified NPS III. Accordingly, Company has recognised subsidy income based on the assessment of its eligibility and provided for certain anticipated recoveries by DoF towards final adjustments on NPK fertilizers and receivables, recognised earlier on estimated basis, being doubtful of settlement. The net impact of the same works out to ₹ 342.92 crore receivable from FICC/DoF.

##### b) Note No. 48 - Use of domestic gas for manufacture of nutrient "N" :

The matter relating to the issue of unintended benefits accruing to units using domestic gas for manufacture of nutrient "N" has been referred and is pending before an Inter-Ministerial Committee (IMC) of Government of India (GoI). It is expected that a decision on the matter would be taken soon by the IMC. Initially subsidy amounting to ₹ 198.94 crore was withheld by DoF, which has been released in full upon submission of its claims along with bank guarantee for equivalent amount by the Company.

##### c) Note No. 49 - Gas pooling applicable to Fertilizer (Urea) sector :

Consequent to Gas pooling being made applicable to Fertilizer (Urea) sector w.e.f. June 1, 2015, it is expected that a differential pricing of gas may be made applicable for non-urea usage. Company has represented to DoF for maintaining supply of domestic gas for P&K fertilizers and chemicals. Ministry of Petroleum & Natural Gas (MoPNG) vide its order No. L-13013/3/2012-GP-I, dated: December 16, 2015 has directed GAIL (India) Limited to levy a higher gas price (i.e. the highest rate of RLNG used for production of urea) for gas consumed in non-urea operations. As the matter relating to the same is pending before the IMC for decision, the Company has represented that any decision on the same be taken only upon the issue being settled by the IMC of GoI. However, pending finalization of price payable as per the said letter, Company is recognizing liability based on the difference between domestic gas price and pool / market price of gas for its non-urea operations. The difference is provided considering domestic gas first for urea operations on cumulative basis for the year and the balance if any, for non-urea operations. Accordingly, there is no impact for the year ended March 31, 2020. The Company has recognised a liability of ₹ 211.79 crore for the period commencing from June 1, 2015 to March 31, 2020 (₹ 211.79 crore upto March 31, 2019) on this account.

Company has entered into a contract for procurement of market priced gas for non-urea operations at Trombay unit, effective from May 16, 2016.

Pursuant to the said order, GAIL has sought a differential levy amounting to ₹ 1442.84 crore for the period commencing from July 1, 2006 till March 31, 2017 and has initiated arbitration proceeding towards non-payment of the same. Company has represented this matter to Department of Fertilizers for dispute resolution as the matter relating to the same is pending before the IMC of GoI. The said matter has been currently referred to Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD) on May 22, 2018.

**d) Note No. 50 - Gas Turbine Generator (GTG) plants at Thal unit :**

On 20<sup>th</sup> and 22<sup>nd</sup> March, 2019 respectively, both the Gas Turbine Generator (GTG) plants at Thal unit stopped operating. Upon failure the matter, was taken up with the LSTK contractor who had supplied the turbines for repair as the same were covered under warranties. The matter was referred by the LSTK contractor for repairs to the Original Equipment Manufacturer (OEM) who had indicated a total estimated expenditure of about 98 Million SEK (₹ 74.51 crore excluding taxes and duties).

In the best interests of the Company, based on the acceptance of Notice to Proceed as proposed by the LSTK contractor, the equipment have been sent for repair to the foreign Original Equipment Manufacturer (OEM) which are to be received back as at the Balance Sheet date. As per the Notice to proceed, the final settlement of the repair costs can either be decided mutually and in the event not agreed upon, the settlement of disputes clause as per contract can be invoked.

As the equipment are covered under warranties, the Company is of the view that no additional costs would devolve on the Company. Further the Company has initiated arbitration proceedings towards the LSTK contractor citing loss of profits owing to higher energy costs, higher maintenance costs etc.

In the meanwhile, the Company has procured a Gas generator and commissioned a Turbine Generator in August 2019 to mitigate future losses.

**e) Note No. 51 - Contribution to Employee Provident Fund Trust :**

Pending finalisation of accounts of the Company's Employees Provident Fund Trust, the investments held by the Trust amounting to ₹ 92.64 crore have become doubtful as at 31<sup>st</sup> March 2020 owing to defaults with

respect to payment of principal and interest warranting provision towards the same. The same will have to be made good by the Company, as principal employer, in the event there are no adequate assets of the Trust to meet its liabilities as per EPFO Act.

However as per Ind AS 19, for Defined Benefit plans, Company is required to ascertain the present value of the defined benefit obligation and compare with the fair values of the Plan assets to determine the surplus or deficit, if any, as at Balance Sheet date. Deficit, if any, needs to be accounted in the books of the Company. Accordingly, Company has recognized an amount of ₹ 19.07 crore as contribution to Trust owing to such deficit.

**f) Note No 54.2 - Inter Corporate Deposit (ICD) advanced to Fertilizers and Chemicals Travancore Ltd :**

The amount of ₹ 25.50 crore being the share of contribution of Fertilizers and Chemicals Travancore Ltd (FACT) - a 50% JV partner in FACT-RCF Building Products Ltd (FRBL) paid by RCF towards one-time settlement entered into between FRBL and their bankers resulting in discharge of Corporate Guarantee given by Company to FRBL bankers has been reported under Inter Corporate Deposit (ICD). This ICD along with interest outstanding for the half year ending 31<sup>st</sup> March 2020 amounting to ₹ 1.09 crore has not been provided for, considering improvement in FACT's financial position and the Company is confident of settlement of the ICD given. FACT is a Government owned Entity and outstanding interest has been settled by them in May 2020. Further the Company has entered into an agreement with FACT for the ICD given, wherein FACT shall repay the same in five annual equal instalments commencing from December 2020.

**g) Note No. 59 - Loss on fair valuation of Transferable Development Rights (TDR) :**

The loss on account of fair valuation of Transferable Development Rights (TDRs) received /accrued has been reported as exceptional item amounting to ₹ 100.17 crore. Hitherto, as at 31.03.2019 the Company expecting TDRs to be sold in the coming financial year had classified the same under Non-Current Assets Held for sale. Considering the current depression in the real estate segment which has been further aggravated owing to COVID-19 pandemic, the sale of the same is not highly probable. Accordingly as per IND AS 105, the TDRs cannot be classified as Non-Current Asset Held for sale and has been transferred at fair value of ₹ 31.23 crore and reported as investments at 31.03.2020.



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**h) Note No. 62 – Revision of Consolidated Financial Statements:**

We draw attention to Note 62 to the financial statements, which describes reason for revision of consolidated financial statements.

Our Report on the Consolidated Financial Statements dated May 29, 2020, approved by the Board of Directors of the Company, is revised based on the revision in consolidated financial statements on the directions of the Comptroller and Auditor General of India to consolidate the figures of Jointly Controlled entities based on the respective audited financial statements instead of the unaudited management certified financial statements.

This audit report supersedes the original audit report on consolidated financial statements dated May 29, 2020.

**i) Note No. 65 - Effects of COVID-19 :**

We draw attention to Note 65 to the financial statements, which describes the impact of the outbreak of coronavirus (COVID-19) on the business operations of the company. In view of highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as the evolve.

Further our attendance at the physical inventory verification done by the management at the year end, wherever taken, was impracticable under the current lockdown restrictions imposed by the government and we have therefore relied on related alternative procedures to obtain comfort over the existence and condition of the inventory at year end.

Our opinion is not modified in respect of above matters.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the Consolidated IND AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in our audit are:

1. Revenue Recognition and measurement in respect of subsidy income.
2. Transferrable Development Rights (TDR) – Accounting and Valuation.
3. Estimation of Provision & Contingent Liabilities.
4. Information Technology General Control.

Sr.No.	Key Audit matter	Response to Key Audit Matter
1	<p><b>Revenue recognition and measurement in respect to subsidy income.</b></p> <p>Recognition of subsidy is generally made on the basis of in principle recognition/approval /settlement of claims from Government of India/Fertilizer Industry Co-ordination Committee while finalizing the financial statements.</p> <p>During the year, Company has recognized an amount of ₹ 95.74 crore refundable to FICC/DOF towards adjustment to subsidy income on estimated basis. Further, considering the notification issued by DoF dated 30<sup>th</sup> March 2020, removing the ambiguity in respect of eligible compensation of fixed costs effective from 2<sup>nd</sup> April, 2014 under Modified NPS III, Company has recognized net subsidy income of ₹ 342.92 crore based on the assessment of its eligibility and also provided for certain anticipated recoveries by DoF towards final adjustments of subsidy on NPK fertilizers and other subsidy receivables.</p> <p>MRP of urea being fixed by Government of India, the company is entitled for subsidy wherein certain inputs costs are a pass through and compensation for production beyond a level of production known as Reassessed</p>	<p>Our Procedure included:</p> <p><b>Accounting policies and principles:</b></p> <p>We have reviewed the Company’s Accounting policies for Subsidy on Urea as mentioned under “Note A. Statement of Significant Accounting policies III) D) Revenue Recognition” of the financial statements and the same is compared with the applicable Ind AS.</p> <p><b>Tests of controls:</b></p> <p>We have evaluated the design, implementation and operating effectiveness of key controls over recognition of subsidy income.</p> <p><b>Tests of details:</b></p> <p>We have verified the supporting documentation for determining that the subsidy was recognized in the correct accounting period and as per notified rates.</p> <p>In absence of notified rates, we have verified calculation of estimated rates based on information available with the Company for such costs which are a pass through.</p> <p>In case estimation of income is based on other parameters like IPP of Urea etc. verification of the same based on available information in public domain.</p>

Sr.No.	Key Audit matter	Response to Key Audit Matter
	<p>capacity is restricted to lower of Import Parity Price (IPP) of Urea plus other incidental charges which the government incurs on imported urea, or its own concession price, as determined under extant policies for Urea. Further subsidy income is net of adjustments of recoveries towards sale/transfer for surplus ammonia or non-conversion of entire ammonia into urea.</p> <p>Since there is a time lag between actual expenditure incurred and notification of concession rates for the year, Management exercises significant judgement in arriving at the income entitled on account of same for the year.</p> <p>Therefore, there is a risk of revenue being misstated on account of errors in estimation of concession/IPP rates yet to be notified, due to absence of notification available and change in methodology/ calculation, if any for arriving at price concession.</p>	<p>Testing reasonability of assumptions based on past trends, consistency in application and changes in the same owing to change in Government policies</p> <p><b>Performing substantive analytical procedures: -</b> Ascertainment and analysis of variations with respect of amounts estimated and actually entitled upon notification with respect to previous years.</p> <p>We also assessed as to whether the disclosures in respect of revenue were adequate.</p>
2.	<p><b>Transferrable Development Rights (TDR) – Accounting and Valuation</b></p> <p>The loss on account of fair valuation of Transferable Development Rights (TDRs) received /accrued has been reported as exceptional item amounting to ₹ 100.17 crore. Hitherto, as at 31.03.2019 the Company expecting TDRs to be sold in the coming financial year had classified the same as Non-Current Assets Held for sale. Considering the current depression in the real estate segment which has been further aggravated owing to COVID-19 pandemic, the sale of the same is not highly probable. Accordingly, as per IND AS 105, the TDRs cannot be classified as Non-Current Asset Held for sale and has been reclassified as investment at fair value of ₹ 31.23 crore for the year ended 31.03.2020.</p> <p>Further an amount of ₹ 75.17 crore along with interest thereon has not been accounted as per an arbitration award on the said matter as per Note 59 to Consolidated Ind AS financial Statement.</p> <p>Management judgement has been exercised in accounting and valuation of the same which is based on the representation and explanation given by the management along with confirmation from a lawyer in respect of matter in dispute and valuation report of an independent valuer.</p> <p>In the absence of any empirical evidence relating to value of TDR's realized by the Company in the past and determination of probability of receipt of TDRs considering present scenario where TDRs is in dispute, these judgements may result in error in estimation which may impact future financial statements.</p>	<p><b>Internal enquiry:</b> We enquired of the senior management, and inspected the minutes of the board, and various committees of the board in regard with receipt of TDRs wherever TDRs is in dispute and efforts made by the company for sale of TDR.</p> <p><b>Accounting policies:</b> Further, we focused on whether the valuation of TDR has been in accordance as per accounting guidance issued by ICAI and the classification and reporting of the same as per applicable accounting standards.</p> <p><b>Enquiry and confirmation of lawyers:</b> In respect of matters which are under dispute as far as TDR is concerned, we have assessed and received confirmation / opinion of Company's in-house Legal Department where ever necessary.</p> <p><b>Tests of controls</b> We have evaluated the design, implementation and operating effectiveness of key controls that the management has established for Accounting, classification and valuation of TDR's.</p> <p><b>Tests of details:</b> We have relied on report as prepared by independent valuer's and have reviewed the assumptions made by the valuer in it for its acceptability.</p> <p>We also assessed as to whether the disclosures in respect of TDR's were adequate.</p>

Sr.No.	Key Audit matter	Response to Key Audit Matter
3	<p><b>Estimation of Provision &amp; Contingent Liabilities</b></p> <p>In the recognition and measurement of provisions, there is uncertainty about the timing or amount of the future expenditure required to settle the liability.</p> <p>In respect of contingent liabilities, there are estimates and assumptions made to determine the amount to be disclosed.</p> <p>As a result, there is a high degree of judgement required for the recognition and measurement of provisions and disclosure of contingent liabilities.</p> <p>Company has reported Provision and Contingencies amounting to ₹ 1697.23 crore in the financial statement.</p> <p>There is a risk of material misstatement that the estimates are incorrect and that the provisions or contingent liabilities are materially misstated.</p>	<p><b>Internal enquiry:</b></p> <p>We enquired of the senior management, and inspected the minutes of the board, and various committees of the board where relevant, for claims arising and challenged whether provisions are required.</p> <p><b>Tests of details:</b></p> <p>In respect of significant claims, we checked the amount of claim, nature of issues involved, management submissions and corroborated the same with external evidence, where available.</p> <p><b>Enquiry and confirmation of lawyers:</b></p> <p>In respect of matters which are under dispute, we have assessed opinion of Company's in-house Legal Department / external lawyers where ever necessary.</p>
4	<p><b>Information Technology Controls</b></p> <p>A significant part of the company's financial reporting process is heavily reliant on IT systems with automated processes and controls over the capture, storage and extraction of information. A fundamental component of these processes and controls is ensuring appropriate user access and change management protocols exist and being adhered to. These protocols are important because they ensure that access and changes to IT systems and related data are made and authorised in an appropriate manner. As our audit sought to place a high level of reliance on IT systems and application controls related to financial reporting, high proportion of the overall audit effort was in Information Technology (IT) Systems and Controls. We focused our audit on those IT systems and controls that are significant to the Company's financial reporting process.</p>	<p>We focused our audit on those IT systems and controls that are significant to the Company's financial reporting process.</p> <p>We assessed the design and tested the operating effectiveness of the Company's IT controls, including those over user access and change management as well as data reliability.</p> <p>In a limited number of cases we adjusted our planned audit approach as follows:</p> <ul style="list-style-type: none"> <li>- we extended our testing to identify whether there had been unauthorized or inappropriate access or changes made to critical IT systems and related data;</li> <li>- where automated procedures were supported by systems with identified deficiencies, we extended our procedures to identify and test alternative controls; and</li> <li>- where required, we performed a greater level of testing to validate the integrity and reliability of associated data and reporting.</li> </ul>

### Other Matters

The consolidated Ind AS financial statements include the Group's share of net loss of ₹ 1.01 crore and ₹ 0.01 crore for the year ended March 31, 2020, as considered in the consolidated Ind AS financial statements, in respect of jointly controlled entities i.e. Talcher Fertilizers Limited and Urvarak Videsh Limited respectively, whose financial statements have not been audited by us.

In respect of FACT RCF Building Products Limited, the Company's investment therein has been fully provided. Accordingly, the Company has not recognised share of its losses for the year ended March 31, 2020 in this Joint Venture.

These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these jointly controlled entities and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid jointly controlled entities, is based solely on the reports of the other auditors.

In our opinion and according to the information and explanations given to us by the Management, these Ind AS financial statements are not material to the Company.

### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report, Management Discussion & Analysis Report, Business Responsibility Report and Corporate Governance Report but does not include the financial statements and our 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 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.

When we read the Director's Report, Management Discussion & Analysis Report, Business Responsibility Report and Corporate Governance Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance

### Responsibilities of Management and Those Charged with Governance for the Consolidated IND AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the financial position, the financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### Auditor's Responsibilities for the Audit of the consolidated IND AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated IND AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls 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 consolidated IND AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated IND AS financial statements, including the disclosures, and whether the consolidated IND AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated IND AS 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 IND AS 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 Section 143 (5) of the Act, we give in **"Annexure A"** the directions and sub-directions issued by the Comptroller and Auditors General of India, the action taken thereon and its impact on the accounts and financial statements of the Company.
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 Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account
  - d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> 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 over financial reporting 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 as per section 143 (3) (j):
    - I. in accordance with requirements of section 197 (16) of the act as amended: As per notification number G.S.R. 463 (E) dated June 5, 2015 issued by Ministry of Corporate Affairs, Section 197 of the Act as regards the managerial remuneration is not applicable to the Company, since it is a Government Company.
    - II. in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 Consolidated Ind AS financial statements – Refer Note 41 to the Ind AS financial statements.
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There is no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For CHHAJED & DOSHI**

Chartered Accountants

Firm Registration No. 101794W

**For FORD RHODES PARKS & CO. LLP**

Chartered Accountants

Firm Registration No. 102860W/W100089

**Kiran K. Daftary**

Partner

Membership. No. 010279

UDIN: 20010279AAAABI6528

**Astha Kariya**

Partner

Membership. No. 122491

UDIN: 20122491AAAACS7113

Place: Mumbai

Dated: October 9, 2020

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT (REVISED)

Referred to in Para 1 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report to the members of the Company on the consolidated Ind AS financial statements for the year ended 31<sup>st</sup> March, 2020.

### Report on the Directions and Sub-directions issued by the Comptroller and Auditors General of India, the action taken thereon and its impact on the accounts and financial statement of the Company under Section 143(5) of the Act:

#### A. Directions

**1. Whether the company has system in place to process all the accounting transactions through IT system? If no, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.**

As per information and explanations given to us, most important functional areas of organization like Financial Accounting, Sales Accounting, Human Resources Information, Payroll, Material/Inventory Management etc. have been computerized. The Company has implemented SAP during 2005-06 in order to make information processing fully integrated and centralized. Following modules have been implemented SAP ERP wherein transactions are processed in an integrated manner.

- Finance & Costing (FI-CO)
- Asset Management (AM)
- Production Planning (PP)
- Plant Maintenance (PM)
- Materials Management (MM)
- Sales & Distribution (SD)
- Cost Object & Profitability Analysis (CO-PA)
- Business Warehouse (BW)
- Environment Health & Safety (EHS)
- Township Management
- HR & Pay Roll (HCM- Implemented during the year 2006-07)

In 2010, along with an upgrade of the existing SAP business applications, following new solutions were also implemented

- SAP Enterprise portal (Employee Self Service/Manager Self Service)
- Governance, Risk and Compliance

Attendance recording system is another subsidiary system specifically developed to meet the requirements of the Company for recording attendance of unionized category employees of the Company. The attendance data from this system is directly uploaded in SAP for payroll processing.

The IT system has been also configured to meet the compliance and business requirements as mandated by applicability of Ind AS and Goods and Services Act.

Thus, the IT system enables integrated processing of most of the accounting transactions. However certain accounting transactions relating to subsidy income, recording of transactions relating to borrowings payment of interest etc., corporate taxes, valuation of finished goods inventory as per principles of Ind AS and certain year end provisions are processed directly in the Finance module of the SAP IT system as these transactions are consolidated to finance. Such transactions and balances are adequately supported by relevant documents maintained / calculations maintained in Excel work books. A maker checker protocol is also followed to check the calculations and the effect of the entries are posted in SAP system.

Further based on the information processed in SAP system, such data is extracted to for preparation and presentation of financial statements as per Schedule III of Companies Act. Proper checks and controls are exercised so that the information presented is in consonance with the based data extracted.

**2. Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.**

Based on audit procedure performed by us and as per the information and explanation given to us, there is no restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan.

**3. Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.**

As per information and explanations given to us, Company has not received any funds for specific schemes from central/ state agencies during the year.

**B. Sub-directions**

**1. State the area of land under encroachment and briefly explain the steps taken by the Company to remove encroachments.**

To the best of our knowledge and belief and according to the information and explanations given to us, instances of encroachment of land have been observed at Trombay unit which are as under:

- i. Approx. 5 acres of land which is in the name of RCF has been encroached since the time of FCI. The value of the land cannot be determined exactly. RCF has approached the agencies like MMRDA for development of this land.
- ii. Approx. 15 Acres is under slum/encroached since 1980. Slums from other pockets were shifted on this land and is without clear title in favor of RCF. The matter is taken up with appropriate authorities for obtaining clear title in favor of RCF.

Both the matters are pending in Mumbai High Court for resolution. As explained to us, other than the above there are no cases of encroachment of land at other locations.

**2. (i) Whether subsidy received/recoverable from Government of India has been properly accounted for as per claims admitted ?**

Based on the audit procedures performed by us and as per the information and explanations given to us, subsidy received/recoverable from Government of India has been properly accounted for as per claims admitted. In addition to the same, for the rates yet to be notified due to escalations/de-escalations in the cost of inputs and other costs, subsidy has been accounted on estimated basis which is in line with its stated accounting policy of revenue recognition given in notes to the consolidated Ind AS financial statements for the year 2019-20.

**(ii) Whether subsidy received during the year has been reconciled with subsidy disbursed by the Government of India?**

Subsidy received during the year amounting to ₹ 5952.00 crore is in agreement with the amount disbursed by the Government of India.

**3. Whether the Transferable Development Rights (TDR) from Maharashtra Government properly valued and accounted for**

As per explanation and information given to us, Transferable Development rights have been properly valued and accounted for, summary of the same is as follows:

Particulars	2019-20			2018-19			Change
	Land	TDR	TDR Value	Land	TDR	TDR Value	
	Sq. Mt.	Sq. Mt.	₹ Crore	Sq. Mt.	Sq. Mt.	₹ Crore	₹ Crore
TDR Received: MMRDA	8,265	16,530	12.62	8,265	16,530	55.50	-42.89
<b>TDR Accrued:</b>							
MMRDA	40,585	11,799	9.00	40,585	11,799	30.96	-21.95
MCGM (Refer Note 1)	6,320	13,273	9.70	7,000	15,400	45.03	-35.33
TDR Dispute	22,173	-	-	22,173	-	-	-
<b>Total</b>	<b>77,343</b>	<b>41,602</b>	<b>31.32</b>	<b>78,023</b>	<b>43,729</b>	<b>131.49</b>	<b>-100.17</b>

Note :

- During the year 2019-20, the land handed over to MCGM was measured by CTSO and the measurement arrived at is 6320.30 Sq. Mtr as against 7000 Sq. Mtr accounted by the Company in 2018-19. Company has accounted 7000 Sq. Mtr based on provisional letter issued by Chief Engineer, Development Plan, MCGM. Further MCGM has approved grant of TDR of 13273.63 sq. Mtrs which includes bonus @10% as against 20% considered in 2018-19.
- As per Note no. 58 to the “Consolidated Ind AS Financial Statement,” the Company had received an arbitration award in its favor of compensation claimed in respect of transfer of land to Mumbai Metropolitan Regional Development Authority (MMRDA) on May 23, 2018. As per the Award, the Company is eligible for additional compensation either in the form of Cash or TDRs amounting to ₹75.17 crore along with interest @9% thereon from March 31, 2015 till the date of realization of award. As the award is being appealed against MMRDA, pending final outcome of the same, the Company has not recognised any income accruing on account of the same.

**For CHHAJED & DOSHI**

Chartered Accountants

Firm Registration No. 101794W

**For FORD RHODES PARKS & CO. LLP**

Chartered Accountants

Firm Registration No. 102860W/W100089

**Kiran K. Daftary**

Partner

Membership. No. 010279

UDIN: 20010279AAAABI6528

**Astha Kariya**

Partner

Membership. No. 122491

UDIN: 20122491AAAACS7113

Place: Mumbai

Dated: October 9, 2020

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT (REVISED)

Referred to in Para 3 (f) 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report to the members of the Company on the consolidated Ind AS financial statements for the year ended March 31, 2020.

### 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 Consolidated Ind AS financial Statement of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with respect to financial statements of **RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED** ("the Company") and its jointly controlled entities which are companies incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with respect 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 (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 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 Act.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with respect to Financial Statement based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, 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 ICAI. 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 respect to financial Statement 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 system with respect to financial Statement and their operating effectiveness.

Our audit of internal financial controls with respect to financial Statement included obtaining an understanding of internal financial controls with respect to financial statement, 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 judgment, 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 system with respect to financial statement.

#### Meaning of Internal Financial Controls with respect to Financial Statement

A Company's internal financial control with respect to financial statement is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with respect to financial statement 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

### **Inherent Limitations of Internal Financial Controls with respect to Financial Statement**

Because of the inherent limitations of internal financial controls with respect to financial statement, 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 respect to financial Statement to future periods are subject to the risk that the internal financial control with respect to financial statement 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 and its jointly controlled entities, which have incorporated in India, have in all material respects an adequate internal financial control with respect to financial statement system and such internal financial controls with respect to financial statement were operating effectively as at March 31, 2020, based on the internal control with respect to financial statement criteria established by the Company and its jointly controlled entities, 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 report under Section 143(3)(i) of the Act, on the adequacy and operating effectiveness of the internal financial controls with respect to financial statement, in so far as it relates to the three jointly controlled entities, namely Urvarak Videsh Limited, FACT RCF Building Products Limited and Talcher Fertilizers Limited, which are companies incorporated in India, is based solely on the reports of the other auditors.

#### **For CHHAJED & DOSHI**

Chartered Accountants  
Firm Registration No. 0101794W

#### **For FORD RHODES PARKS & CO. LLP**

Chartered Accountants  
Firm Registration No. 102860W/W100089

#### **Kiran K. Daftary**

Partner  
Membership. No. 10279  
UDIN: 20010279AAAABI6528

#### **Astha Kariya**

Partner  
Membership. No. 122491  
UDIN: 20122491AAAACS7113

Place: Mumbai

Dated: October 9, 2020

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RASHTRIYA CHEMICALS AND FERTILIZERS (RCF) LIMITED FOR THE YEAR ENDED 31 MARCH 2020**

The preparation of consolidated financial statements of Rashtriya Chemicals and Fertilizers (RCF) Limited (Consolidated) for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act read with section 129(4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 9 October 2020 which supersedes their earlier Audit Report dated 29 May 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of Rashtriya Chemicals and Fertilizers (RCF) Limited for the year ended 31 March 2020 under section 143(6)(a) read with section 129 (4) of the Act. We conducted a supplementary audit of the Standalone Financial Statements of Rashtriya Chemicals and Fertilizers (RCF) Limited, FACT-RCF Building Products Limited and Talcher Fertilizers Limited but did not conduct Supplementary audit of the financial statement of Urvarak Videsh Limited for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

In view of the revision made in the consolidated financial statements by the Management, as indicated in Note No.56 and 62 of the financial statements, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditors' report, under section 143(6)(b) read with section 129(4) of the Act.

For and on the behalf of the  
**Comptroller & Auditor General of India**

**(Amitabh Prasad)**  
Principal Director of Audit  
(Agriculture, Food & Water Resources)

Place: New Delhi

Date: 26.11.2020



## CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2020

		₹ Crore	
Particulars	Note No.	AS AT 31.03.2020	AS AT 31.03.2019
<b>ASSETS</b>			
<b>1. NON CURRENT ASSETS</b>			
(a) Property, Plant and Equipment	1	2121.30	1942.71
(b) Capital Work in Progress	1.4	433.49	275.69
(c) Investment Property	2	6.10	6.29
(d) Intangible Assets	3	2.62	0.99
(e) Financial Assets			
(i) Investments	4	255.77	80.13
(ii) Trade Receivables	5	-	-
(iii) Loans	6	20.53	0.27
(iv) Others	7	-	-
(f) Other non-current assets	8	203.70	297.26
		<b>3043.51</b>	<b>2603.34</b>
<b>2. CURRENT ASSETS</b>			
(a) Inventories	9	949.94	1478.78
(b) Financial Assets			
(i) Trade Receivables	10	4551.23	4552.54
(ii) Cash and Cash Equivalents	11	2.07	3.59
(iii) Bank balances other than (ii) above	12	1.29	1.27
(iv) Loans	13	6.50	26.01
(v) Others	14	1655.20	43.88
(c) Other Current Assets	15	83.53	204.87
		7249.76	6310.94
<b>TOTAL ASSETS</b>		<b>10293.27</b>	<b>8914.28</b>
<b>EQUITY AND LIABILITIES</b>			
<b>A. EQUITY</b>			
(a) Equity Share Capital	16	551.69	551.69
(b) Other Equity	17	2627.35	2476.80
		<b>3179.04</b>	<b>3028.49</b>
<b>B. LIABILITIES</b>			
<b>1. NON-CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings	18	600.91	425.11
(ii) Trade Payables	19		
(A) total outstanding dues of micro enterprises and small enterprises.			
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		211.79	211.79
(iii) Other Financial Liabilities	20	43.89	43.72
(b) Provisions	21	188.55	181.46
(c) Deferred Tax Liabilities (Net)	22	196.94	280.33
(d) Other non-current liabilities	23	39.11	38.28
		<b>1281.19</b>	<b>1180.69</b>

## CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2020

₹ Crore

Particulars	Note No.	AS AT 31.03.2020	AS AT 31.03.2019
<b>2. CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings	24	4076.87	2885.47
(ii) Trade Payables	25	–	–
(A) total outstanding dues of micro enterprises and small enterprises.		36.81	24.67
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		959.92	1129.13
(iii) Other Financial Liabilities	26	482.54	451.18
(b) Other Current Liabilities	23	81.51	72.82
(c) Provisions	27	142.14	141.83
(d) Current Tax Liabilities (Net)	28	53.25	–
		<b>5833.04</b>	<b>4705.10</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10293.27</b>	<b>8914.28</b>

Statement of Significant Accounting Policies

A

Explanatory Information on Financial Statements

40 - 66

For and on behalf of the Board of Directors

As per our report of even date attached

**RASHTRIYA CHEMICALS AND FERTILIZERS LTD.**

**For Chhajed & Doshi**

**For Ford Rhodes Parks & Co. LLP**

Chartered Accountants

Chartered Accountants

Firm Regn. No. 101794W

Firm Regn. No. 102860W / W100089

**(S. C. Mudgerikar)**

Chairman & Managing Director

DIN : 03498837

**(Kiran K. Daftary)**

Partner

**(Astha Kariya)**

Partner

**(Umesh Dongre)**

Director (Finance)

DIN : 08039073

Membership No: 010279

Membership No: 122491

Dated : 9th October, 2020

Place: Mumbai

**(J. B. Sharma)**

Company Secretary

Membership No: FCS5030

Dated : 9th October, 2020

Place: Mumbai

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

₹ Crore

Particulars		Note No.	Year Ended 31.03.2020	Year Ended 31.03.2019
I	Revenue from Operations	29	9697.95	8885.47
II	Other Income	30	128.65	81.99
III	<b>Total Income(I+II)</b>		<b>9826.60</b>	<b>8967.46</b>
IV	<b>Expenses:</b>			
	Cost of Materials Consumed	31	3776.22	3880.01
	Purchases of Stock in Trade	32	294.43	798.15
	Changes in Inventories of Finished Goods and Stock in Trade	33	603.25	(605.27)
	Employee benefits expense	34	617.26	591.41
	Finance costs	35	237.82	155.85
	Depreciation and amortization expense / Impairment	36	171.04	155.69
	Other Expenses	37	3823.48	3779.81
	<b>Total Expenses</b>		<b>9523.50</b>	<b>8755.65</b>
V	<b>Profit before exceptional items (III-IV)</b>		<b>303.10</b>	<b>211.81</b>
VI	<b>Share of Profit / (Loss) of Associates / JV's</b>		<b>(1.02)</b>	<b>(6.25)</b>
VII	<b>Profit before exceptional items (V-VI)</b>		<b>302.08</b>	<b>205.56</b>
VIII	Exceptional Items	38	100.17	(23.44)
IX	<b>Profit before tax (VII-VIII)</b>		<b>201.91</b>	<b>229.00</b>
X	<b>Tax Expense</b>			
	(1) Current tax		71.72	57.12
	(2) Deferred tax		(77.16)	56.16
	(3) Taxation adjustment of earlier years Excess(-)/Short(+)		0.22	(17.20)
XI	<b>Profit/ (loss) for the year (IX-X)</b>		<b>207.13</b>	<b>132.92</b>
XII	<b>Other Comprehensive Income</b>			
	(i) Items that will not be reclassified to profit or loss		(16.27)	8.82
	(ii) Income tax relating to items that will not be reclassified to profit or loss		10.90	(3.07)
	<b>Other Comprehensive Income for the year (XII)</b>		<b>(5.37)</b>	<b>5.75</b>
XIII	<b>Total Comprehensive Income for the year (XI+XII)</b>		<b>201.76</b>	<b>138.67</b>
XIV	Earnings per equity share			
	Basic and Diluted Earnings per share (₹)	55	3.75	2.41
	Statement of Significant Accounting Policies	A		
	Explanatory Information on Financial Statements	40 - 66		

For and on behalf of the Board of Directors  
**RASHTRIYA CHEMICALS AND FERTILIZERS LTD.**

**(S. C. Mudgerikar)**  
Chairman & Managing Director  
DIN : 03498837

**(Umesh Dongre)**  
Director (Finance)  
DIN : 08039073

**(J. B. Sharma)**  
Company Secretary  
Membership No: FCS5030  
Dated : 9th October, 2020  
Place: Mumbai

As per our report of even date attached  
**For Chhajed & Doshi** **For Ford Rhodes Parks & Co. LLP**  
Chartered Accountants Chartered Accountants  
Firm Regn. No. 101794W Firm Regn. No. 102860W / W100089

**(Kiran K. Daftary)** **(Astha Kariya)**  
Partner Partner  
Membership No: 010279 Membership No: 122491

Dated : 9th October, 2020  
Place: Mumbai

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

### A. EQUITY SHARE CAPITAL

₹ Crore

Balance as at 01.04.2019	Changes in equity share capital during the year	Balance as at 31.03.2020	Balance as at 01.04.2018	Changes in equity share capital during the year	Balance as at 31.03.2019
551.69	–	551.69	551.69	–	551.69

### B. OTHER EQUITY

FOR THE YEAR ENDED 31ST MARCH 2020

₹ Crore

Particulars	Reserves and Surplus		Items of Other Comprehensive Income	Total
	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	
<b>Balance as at 01.04.2019</b>	<b>2431.27</b>	–	<b>45.53</b>	<b>2476.80</b>
Profit for the year	–	207.13	–	207.13
Other Comprehensive Income (Net of Tax)	–	(13.87)	8.50	(5.37)
<b>Total Comprehensive Income for the year</b>	–	<b>193.26</b>	<b>8.50</b>	<b>201.76</b>
Dividend paid (Including Dividend Distribution Tax) Refer note no. 17	–	(51.21)	–	(51.21)
Transfer to General Reserve	142.05	(142.05)	–	–
<b>Balance as at 31.03.2020*</b>	<b>2573.32</b>	–	<b>54.03</b>	<b>2627.35</b>

FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

Particulars	Reserves and Surplus		Items of Other Comprehensive Income	Total
	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	
<b>Balance as at 01.04.2018</b>	<b>2340.72</b>	–	<b>37.32</b>	<b>2378.04</b>
Profit for the year	–	132.92	–	132.92
Other Comprehensive Income (Net of Tax)	–	(2.46)	8.21	5.75
<b>Total Comprehensive Income for the year</b>	–	<b>130.46</b>	<b>8.21</b>	<b>138.67</b>
Dividend paid (Including Dividend Distribution Tax) Refer note no. 17	–	(39.91)	–	(39.91)
Transfer to General Reserve	90.55	(90.55)	–	–
<b>Balance as at 31.03.2019*</b>	<b>2431.27</b>	–	<b>45.53</b>	<b>2476.80</b>

\* The closing balance in General Reserve is arrived after adjustment of Remeasurement of Defined Benefit Plans amounting to ₹ 13.87 crore (P.Y. ₹ 2.46 crore) during the year net of current tax amounting to ₹ 4.67 crore (P.Y. ₹ 1.33 crore)

For and on behalf of the Board of Directors

**RASHTRIYA CHEMICALS AND FERTILIZERS LTD.**

**(S. C. Mudgerikar)**

Chairman & Managing Director  
DIN : 03498837

**(Umesh Dongre)**

Director (Finance)  
DIN : 08039073

**(J. B. Sharma)**

Company Secretary  
Membership No: FCS5030

Dated : 9th October, 2020  
Place: Mumbai

As per our report of even date attached

**For Chhajed & Doshi**

Chartered Accountants  
Firm Regn. No. 101794W

**(Kiran K. Daftary)**

Partner  
Membership No: 010279

Dated : 9th October, 2020  
Place: Mumbai

**For Ford Rhodes Parks & Co. LLP**

Chartered Accountants  
Firm Regn. No. 102860W / W100089

**(Astha Kariya)**

Partner  
Membership No: 122491

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

₹ Crore

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
<b>A Cash Flow From Operating Activities</b>		
Net Profit before tax	201.91	229.00
Adjustments for :		
Depreciation/Loss on impairment of Assets	171.38	156.03
Profit(-) / Loss on sale of Assets	3.21	(1.89)
Changes in value of investements	1.02	6.25
Interest Income	(41.41)	(17.77)
Dividend Income	(0.20)	(0.32)
Interest and Finance Charges	237.82	155.85
Provision for Bad/Doubtful debts	4.73	24.58
Unrealised Foreign Exchange (Gain) /Loss	13.39	(6.28)
	389.94	316.45
Operating Profit before Working Capital Changes	591.85	545.45
Adjustments for :		
Trade Receivables and Other Assets	(1494.44)	(1636.23)
Inventories	528.84	(737.13)
Trade Payables and Other Liabilities	(145.32)	289.98
	(1110.92)	(2083.38)
Cash Generated from Operations	(519.07)	(1537.93)
Direct Taxes Paid	(10.60)	(98.50)
<b>Net Cash from Operating Activities (A)</b>	<b>(529.67)</b>	<b>(1636.43)</b>
<b>B Cash Flow from Investing Activities</b>		
Additions to Fixed Assets (Net of trade credit)	(425.47)	(302.77)
Sale of Fixed Assets	0.31	4.75
Purchase of Investments -Joint Ventures and Subsidiary	(143.16)	(11.33)
Intercompany Deposits	-	(19.50)
Interest Received	41.37	17.76
Dividend Received	0.20	0.32
Government Grants Received	-	0.49
	(526.75)	(310.28)
<b>Net Cash from Investing Activities (B)</b>	<b>(526.75)</b>	<b>(310.28)</b>

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

₹ Crore

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
<b>C Cash Flow from Financing Activities</b>		
Net Proceeds /Repayment of Working capital facilities and short term loans	1181.00	1956.88
Proceeds from Term loans	309.00	267.00
Repayments of Term loans	(139.08)	(87.19)
Interest paid	(241.52)	(151.89)
Dividend paid (including Dividend Distribution tax)	(51.22)	(39.74)
Lease liability paid	(3.28)	–
	1054.90	1945.06
<b>Net Cash from Financing Activities (C)</b>	<b>1054.90</b>	<b>1945.06</b>
Net Increase/Decrease(-) in Cash and Cash Equivalent (A+B+C)	(1.52)	(1.65)
Cash and Cash Equivalents as at 1st April (Opening Balance)	3.59	5.24
Cash and Cash Equivalents as at 31st March ( Closing Balance)	2.07	3.59
<b>Components of Cash and Cash Equivalents</b>		
Cash on hand	0.01	0.01
Balance With Scheduled Banks in Current and Cash Credit Accounts	2.06	3.58
	<b>2.07</b>	<b>3.59</b>

**Note:**

1. The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS) 7 on Cash Flow Statement and presents cash flows by operating, investing and financing activities.
2. Figures in the Bracket are outflows / deductions.
3. Figures of the previous year have been regrouped / rearranged wherever necessary to make it comparable to the current year presentation
4. The cash credit facilities availed from bank are part of financing activity which do not form part of cash and cash equivalents for Cash Flow Statement purpose.

For and on behalf of the Board of Directors  
**RASHTRIYA CHEMICALS AND FERTILIZERS LTD.**

**(S. C. Mudgerikar)**  
Chairman & Managing Director  
DIN : 03498837

**(Umesh Dongre)**  
Director (Finance)  
DIN : 08039073

**(J. B. Sharma)**  
Company Secretary  
Membership No: FCS5030

Dated : 9th October, 2020  
Place: Mumbai

As per our report of even date attached

<b>For Chhajed &amp; Doshi</b>	<b>For Ford Rhodes Parks &amp; Co. LLP</b>
Chartered Accountants	Chartered Accountants
Firm Regn. No. 101794W	Firm Regn. No. 102860W / W100089

<b>(Kiran K. Daftary)</b>	<b>(Astha Kariya)</b>
Partner	Partner
Membership No: 010279	Membership No: 122491

Dated : 9th October, 2020  
Place: Mumbai

## A. Statement of Significant Accounting Policies forming Part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### D) Corporate information

The Company is a public company domiciled in India and is incorporated under provisions of the Companies Act applicable in India. Its shares are listed on two recognized stock exchanges in India. The registered office of the Company is located at Priyadarshini, Eastern Express Highway, Sion Mumbai 400022.

The Company is engaged in the manufacturing and marketing of fertilizers and industrial chemicals.

### II) Basis of preparation and consolidation

a. The consolidated financial statements of the Company and its joint controlled entities have been prepared in accordance with accounting standards prescribed under Section 133 of the Companies Act 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards)(Amendment) Rules, 2016 and other relevant provisions of the Act. Except for the changes below, the Company has consistently applied accounting policies to all periods.

The Company has adopted Ind AS 116 “Leases “with the date of initial recognition being 1st April 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e. lessee and lessor. Ind AS 116 introduces a single accounting model and requires a lessee to recognize assets and liabilities for all leases more than 12 months, unless the underlying asset is of low value.

Company has opted for Modified Retrospective Option for accounting of its leases (except for leases with balance term of less than twelve months (short term) and low-value assets), wherein present value of remaining lease payments for existing operating leases have been calculated using incremental borrowing rate as at date of transition i.e. 01.04.2019. The present value thus arrived at is used to measure Right to Use (ROU) asset at amount equal to liability (adjusted for accruals and prepayments). No adjustment has been made to Retained Earnings. As a result, the comparative information has not been restated.

The Company has made use of the following practical expedient available on transition to IND AS 116

- (i) not to reassess whether a contract is or contains a lease, accordingly the definition of lease in accordance with IND AS 116 and IND AS 17 will continue to be applied to those leases entered or modified before April 1, 2019.
- (ii) The Company has applied a single discount rate, consequently, the Company has recorded the lease liability at the present value of remaining lease payments, discounted using the incremental borrowing rate at the date of transition and the right to use asset for similar amount
- (iii) excluded the initial direct costs from measurement of the RoU asset
- (iv) Not to recognize RoU assets and lease liabilities for leases with balance lease term of less.

b. The consolidated financial statements have been prepared under the historical cost and on accrual basis, except for the following:-

- Certain financial assets and liabilities(including Derivative financial instruments) measured at fair value
- Certain provisions recognized using actuarial valuation techniques
- Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.
- Transferable development Rights received upon surrender of rights on open land which are measured at fair value.

c. The consolidated financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest crores (₹ 00,00,000), except when otherwise indicated.

d. The consolidated financial statements relate to the Company [Rashtriya Chemicals & Fertilizers Ltd.] and Jointly Controlled Entities, viz. [FACT-RCF Building Products Ltd. (FRBL), Urvarak Videsh Ltd. (UVL) and Talcher Fertilizers Limited.(TFL)].

### Accounting Convention:

The accounting policies have been consistently applied by the Company and its Jointly Controlled Entities and are consistent with those used to prepare the opening balance sheet as at the transition date.

The financial statements of the Jointly Controlled Entities used in the consolidation are drawn up to the same reporting date as of the Company i.e. for the year ended 31<sup>st</sup> March 2019.

### Principles of Consolidation:

The financial statements of Jointly Controlled Entities are combined by applying equity method in accordance with IND AS 28 -“Investment in Associates and Joint Ventures”.

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company’s separate Financial Statements. Differences in accounting policies followed by joint venture entity consolidated have been reviewed and no adjustments have been made, since the impact of these differences is not material.

The following Jointly Controlled Entities are considered in the consolidated financial statements:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest as on 30.03.2020	Date of the entity becoming Joint Venture
FACT –RCF Building Products Ltd.	India	50.00%	02-May-2008
Urvarak Videsh Limited	India	33.33%	18-July-2008
Talcher Fertilizers Limited	India	33.33%	13-Nov-2015

### e. Significant accounting judgements, estimates and assumptions

- 1.1 The preparation of the Company’s consolidated 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 as at the Balance Sheet date.
- 1.2 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. Any revisions to the accounting estimates

are recognized prospectively when revised, in current and future periods.

Some of the significant judgements and assumptions exercised are given as under:-

#### 1.2.1 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 DCF model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed separately.

#### 1.2.2 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.

#### 1.2.3 Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation 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, the management considers the interest rates of government bonds in India.

The mortality rate is based on publicly available mortality tables as defined by LIC. Future salary



increases is based on Company's assessment based on past trends.

#### 1.2.4 Subsidy Income

As per extant policies covering subsidy of Urea, major inputs like cost of energy, water etc. are a pass through in the same. Since the notified rates of subsidy of urea incorporating actual revision takes time, recognition of subsidy is generally made on the basis of in principle recognition/approval / settlement of claims from Government of India/ Fertilizer Industry Co-ordination Committee while finalising the financial statements.

#### 1.2.5 Provision for obsolescence

Provision towards obsolete/surplus inventory are recognized as per management estimates under the assumption that they may fetch 5% of their book value upon disposal.

#### 1.2.6 Fair value measurements of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Changes in assumptions could affect the reported value of fair value of financial instruments.

#### 1.2.7 Application of Discount rates

Estimates of rates of discounting are done for measurement of fair values of certain financial assets and liabilities, which are based on prevalent bank interest rates and the same are subject to change.

#### 1.2.8 Estimates of Useful lives of assets/components

Company has identified significant components of plant and machinery and provides for depreciation over their useful lives as per its technical assessment.

#### 1.2.9 Operating Lease

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

Lease arrangements in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

The company has applied IND AS 116 for ascertainment of the same.

### III) Significant accounting policies

#### A) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset as current when it is:

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

All other assets are classified as non-current.

The classification of an asset either current or non-current has been made applying the criteria of realization of such assets within a period of 12 months after the reporting date.

Where assets have been fully provided for as doubtful, the same are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

#### B) Foreign currencies

The consolidated financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency.

**a. Transactions and Balances**

Foreign Currency transactions are accounted at the rates prevailing on the date of transaction. Year-end monetary assets and liabilities are translated at the exchange rate prevailing on the date of the Balance sheet.

Exchange differences arising on settlement or translation of monetary items are recognized in Statement of Profit and loss for the period in which they arise, except for the following:-

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use (i.e. Capital Work in progress), are included in the cost of those assets when they are regarded as an adjustment on account of interest costs on those foreign currency borrowings.
- Non-monetary items that are measured in terms of historical cost in foreign currencies are reported using the exchange rates at the date of the transaction.

**b. Exemption availed under Ind AS 101:-**

Under Indian GAAP, Company had opted to capitalize exchange differences arising on translation of long term foreign currency monetary items in accordance with Para 46A of AS 11.

In accordance with Para D13AA of Ind AS 101, Company has continued with the policy of adjusting exchange differences arising on translation of long-term foreign currency monetary items outstanding as on 31<sup>st</sup> March 2016, related to acquisition of fixed assets, to the cost of the asset and depreciate the same over the remaining useful life of such asset. For this purpose, the Company treats a foreign currency monetary items as “long-term foreign currency monetary item”, if it has a term of 12 months or more at the date of its obligation.

**C) Fair value measurement**

The Company measures financial instruments, such as, derivatives, investments in equity instruments, etc. at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

External valuers are involved for valuation of significant assets, such as properties, unquoted financial assets etc. Involvement of independent external valuers is decided upon annually by the

Company. Further such valuation is done annually at the end of the financial year and the impact if any on account of such fair valuation is taken in the annual financial statements.

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

#### **D) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is recognized upon transfer of control of promised products and services to customers in an amount that reflects the consideration expected to be received in exchange for those products or services.

Revenue, including subsidy, in respect of sale of goods is recognized when control of the goods has transferred, being when the goods are delivered to the buyer, the buyer has full discretion over the goods and there is no unfulfilled obligation that could affect the buyer's acceptance of the goods.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. Amounts disclosed as revenue are inclusive of excise duty and net of returns, rebates, Value added taxes and amounts collected on behalf of third parties.

Volume discounts, pricing incentives and other variable rebates are reduced from revenue. In respect of quantity rebates the Company recognizes the liability based on the estimate of the customer future purchases. Any change in the estimated amount of obligation of discount is accounted in the period in which the change occurs.

Scrap, salvaged/waste materials and sweepings are accounted for on delivery/realization.

#### **Subsidy and Other Operating revenue**

Recognition of Subsidy is generally made on the basis of in principle recognition/ approval/ settlement of claims from Government of India / Fertilizer Industry Co-ordination Committee.

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 as notified by Government of India.

Subsidy on P&K fertilizers is recognized based on Concession rates as notified by the Government of India under Nutrient Based Subsidy Scheme from time to time.

Subsidy on imported Urea is recognized based on lump sum compensation, and other charges receivable from the Government of India, as per terms of agreement.

Uniform freight subsidy on Urea, P&K fertilizers and Imported Urea has been accounted in accordance with the parameters and notified rates.

Subsidy on City Compost is recognized based on rates, as notified by the Government of India.

Subsidy income is recorded based on the quantity sold during the financial year.

Remaining Other Operating revenue/other income are recognized on accrual basis.

#### **Interest income**

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability.

For interest due from customers, vendor's etc. interest income is recognized when no significant uncertainty as to its realization exists and is accounted on time proportion basis at contracted rates.

#### **Dividend**

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

#### **Rental income**

Rental income arising from operating leases is accounted on accrual basis in accordance with the terms of the contract since such charges are structured to increase in line with expected general inflation to compensate for expected inflationary cost.

### Commission Income

For certain arrangements, Company acts as an agent. The role of the Company either as an agent or a principal is determined based on evaluation of the its role as a primary obligor, has the pricing latitude in the said arrangements, its exposure to inventory risks and credit risks, on case to case basis.

### Government grants

Government grants are recognized in statement of profit and loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate and are presented within Other income.

Government grants relating to purchase of property, plant and equipment are credited to Statement of profit and loss on a Straight-line basis over the expected lives of the related assets.

### Others

Insurance and other miscellaneous claims are recognized on receipt/acceptance of claim.

Income from sale of Certified Emissions Reductions (CER's)/Voluntary Emissions Reductions (VER's)/Renewable Energy Certificates (REC's) is recognized on delivery and confirmation of the same by the concerned authorities.

## E) Taxation

Income tax expense for a financial year represents the sum of tax currently payable, adjustments for tax provisions of previous years and deferred tax.

### a. Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax items are recognized in correlation to the underlying transaction either in Other Comprehensive income 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.

### b. Deferred tax

Deferred tax is provided using the liability method on temporary differences between

the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of a asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to

be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting period.

**c. Current Tax and Deferred Tax**

Current and Deferred tax are recognized in Statement of Profit and loss, except when they relate to items that are recognized in Other Comprehensive Income (OCI) or directly in equity, in which case, the current and deferred tax are also recognized in OCI or directly in equity respectively.

- d.** Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate taxable entity and the same taxation authority.
- e.** In accordance with amendments to the Income Tax Act-1961 and the Finance (No.2) Act 2019, Company has opted for lower rate of Tax as per Section 115BAA which entails payment of tax at lower rates subject to certain disallowances. Upon exercising the option, the Company will not be subject to Minimum Alternate Tax (MAT) as per Income Tax Act. Thus any eligible MAT credit recognized in any previous year and grouped under deferred tax stands reversed.

**F) Property, plant and equipment**

All items of property, plant and equipment, including freehold land are initially recorded at cost, net of recoverable taxes and discounts.

The cost includes the cost of replacing part of the property, plant and equipment meeting the recognition criteria and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment upto the date of commissioning of the assets.

Subsequent to initial recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any

accumulated impairment losses. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Spares costing (Unit value of ₹10 lacs and above), and other components which are required to be replaced at intervals, meeting the recognition criteria have been classified as Plant and equipment and are depreciated separately based on their specific useful lives.

When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in Statement of Profit and loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Catalysts which are used in commissioning of new projects/plants are capitalized and are amortized based on the estimated useful life as technically assessed. Subsequent issues of catalysts, if any, are treated as inventory.

Projects under which assets are not ready for their intended use are shown as Capital work in progress.

Freehold / Leasehold improvements are considered as property plant and equipment.

Right of use assets are assets taken under an operating lease meeting the criteria laid under Ind AS 116. The value of such assets comprise of the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any.

**Exemption availed under Ind AS 101:-** On transition to Ind AS, Company has elected to continue with the carrying value of all its property plant and equipment existing as at 1<sup>st</sup> April 2015, measured as per previous GAAP (Indian GAAP) and used that carrying value as the deemed cost of the property plant and equipment.

**a. Depreciation**

Depreciation is calculated on a Straight-line basis over the estimated useful lives of the assets on the depreciable amount when such assets are ready for their intended use.

Freehold land has an unlimited useful life and therefore is not depreciated.

Company has identified significant components of plant and machinery and provides for depreciation over their useful lives as per technical assessment, as per Para 4 of Schedule II to Companies Act, 2013. Depreciation on other Tangible assets is provided for as per useful lives prescribed in Schedule II to Companies Act, 2013, except for mobile telephones classified under office equipment's which are depreciated over a period of 3 years.

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value. A maximum residual value of 5% is considered for all assets, except in case of roads, wells and fences, office equipment's and end user computing devices like desk tops, laptops etc. where it is considered as NIL.

Depreciation on additions/deletions to Gross Block is calculated on pro-rata basis from the date of such additions upto the date of such deletions as per useful lives of such assets on Straight Line Basis.

After recognition of impairment loss, the revised carrying amount less residual value of the impaired asset would be depreciated on systematic basis over the remaining useful life of the asset. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

Depreciation on each item of an asset costing less than ₹ 5,000 are depreciated at 100% in the year of capitalization.

The residual values, useful lives and method of depreciation of property plant and equipment are reviewed at each financial year and adjusted prospectively, if any.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of

the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of profit and loss in the year the asset is de-recognized.

Assets under construction/Capital Work in Progress included under Property, Plant and equipment are not depreciated as these assets are not yet available for use. However they are tested for impairment if any.

**G) Investment Properties**

Investment properties are properties that are held to earn rentals and /or for capital appreciation (including property under construction for such purposes) and not occupied by the Company for its own use.

Investment properties are measured initially at cost, including transaction costs and net of recoverable taxes. The cost includes the cost of replacing parts and borrowing costs if recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on Investment property, wherever applicable, is provided on straight line basis as per useful lives prescribed in Schedule II to Companies Act 2013.

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

**Exemption availed under Ind AS 101:-** On transition to Ind AS, the Company has elected to continue with the carrying value of its Investment Property existing as at 1<sup>st</sup> April 2015, measured as per previous GAAP (Indian GAAP) and used that carrying value as the deemed cost of the same.

## H) Intangible assets

### a. Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost, net of recoverable taxes. The cost of intangible assets comprises its purchase price, and any cost directly attributable to bringing the asset to its working condition for the intended use. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

**Exemption availed under Ind AS 101:-**For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets existing as on 1<sup>st</sup> April 2015 measured as per the previous GAAP (Indian GAAP) and use that value as its deemed cost as of the transition date.

The Company has no intangible assets with infinite useful lives.

### b. Amortization

Intangible assets (i.e. software applications) having finite useful lives are amortized over their respective individual estimated useful lives on a STRAIGHT-LINE BASIS, pro-rata from the date the asset is available to the Company for its use. Management estimates the useful life of software applications identified as intangible assets as three years. Any expenses incurred on intangible assets with finite useful lives up to ₹ 1 lakh in each case are being charged off in the year of incurrence.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

## I) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from assets or group of assets (cash-generating units). If any indication exists, 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. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

Company bases its impairment calculation on detailed budgets and forecasts which are prepared for each of its CGU separately.

For all the assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the CGU's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the CGU does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the CGS in prior years. Such reversal is recognized in the Statement of Profit and Loss.

Impairment losses of continuing operations, including impairment on inventories and right of use assets, are recognized in the Statement of profit and loss.

## J) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest cost.

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 accumulated and capitalized upto the date when such assets are ready for their intended use or sale, as part of the cost of the asset.

All other borrowing costs are expensed in the period in which they occur.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

General Borrowings cost incurred in connection with qualifying assets are capitalized by applying the Capitalization rate on the quantum of such borrowings utilized for such assets.

## **K) Leases**

The Company evaluates each contract or arrangement at inception, whether it qualifies as lease as defined under IND AS 116. That is, if the contract conveys the right to control the use of asset for a period of time in exchange for consideration.

### **The Company as a lessee**

The Company assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves–

- (a) the use of an identified asset,
- (b) the right to obtain substantially all the economic benefits from use of the identified asset, and
- (c) the right to direct the use of the identified asset.

The Company at the inception of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets.

As at date of transition i.e. 01.04.2019, Company has opted for Modified Retrospective Option for accounting of its leases (except for leases with balance term of less than twelve months (short term) and low-value assets), wherein present value of remaining lease payments for existing operating leases have been calculated using incremental borrowing rate

### **Right of use assets**

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line

method from the commencement date over the shorter of lease term or useful life of right-of-use assets as follows: -

### **Leasehold land**

### **Motor vehicles and other equipment**

The Right to use assets are also subject to impairment as described in the policies with respect to the impairment of non-financial assets.

For lease liabilities at inception, the Company measures the lease liability at the present value of the lease payments to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. Where the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in the statement of Profit and loss.

For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

Lease payments are classified in the Cash flow statement as cash flows relating to Financing activities.

### **Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised as revenues as per lease terms since such rentals are structured to increase in line with expected general inflation. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership



transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

## L) Inventories

### a. Assessment of Inventory

Raw Materials, Intermediary Products, By-Products and Finished Products inside factory premises, in bulk form, are assessed by survey method on a date as close as possible to the Balance Sheet date and the shortages /excesses in the quantities as compared to book stocks are adjusted in the books. Finished goods and other inventory stored outside the factory premises are taken as per warehousing certificates and third party confirmation respectively.

### b. Mode of Valuation

Inventory is valued at lower of cost and net realizable value except in case of by-products, which are valued at, net realizable value.

Gases and slurries, if any, in pipelines at different stages of process are not valued as the same is not practicable.

Certified Emission Reductions (Carbon credits), Renewable Energy Certificates are valued at lower of cost and net realizable value.

### c. Basis of Cost

The cost of manufactured finished goods, bought out products and intermediary products are arrived at based on weighted average cost. Bifurcation of cost of joint products is made on technical estimates.

Cost of raw materials, petroleum products, packing materials, stores and spares, and loose tools is determined on weighted average cost basis.

Provision is made in respect of raw materials, packing materials, stores and spares and petroleum products, wherever appropriate, based on technical estimates, to reflect the impact of obsolescence, damage or other diminution in value.

## d. Measurement of Cost / Realizable Value

### Cost of Purchases

Cost of purchase includes duties, taxes (net of those recoverable) freight and other expenses net of trade discounts, rebates and price adjustments.

### Cost of Manufactured goods

Cost of Manufactured Goods comprises of direct cost, variable production overheads and fixed production overheads on absorption costing method. Catalysts issued are charged off over their estimated useful lives as technically assessed. Variable production overheads are allocated based on actual production. Variable overheads related to movement of finished products are allocated based on actual dispatches. Fixed overheads are allocated based on higher of the actual production level or normal production level. Average handling and transportation costs incurred to bring the material in its present location and condition is included in valuing stocks in field warehouses and in transit.

### Cost of Traded Fertilizers

It comprises of Cost of Purchases as defined under (L.d) plus bagging, handling and transportation costs incurred to bring the material in its present location and condition.

### Net Realizable Value

Price of urea is administered by the Government of India by which selling price is fixed for the buyer. The net realizable value for manufactured urea is taken at the applicable price concession (selling price net of dealers' margin plus the applicable subsidy from Government of India) net of variable selling and distribution cost. Net realizable value of off-spec urea is taken at 40% of MRP excluding subsidy.

The net realizable value of phosphatic and potassic fertilizers is taken at the applicable selling prices expected to be realized, net of dealers' margin and variable selling and distribution costs plus the concession as fixed/ to be fixed by Government. Net realizable value of off-spec phosphatic and potassic fertilizers is taken at selling price net of dealers' margin and estimated cost of re-processing including transportation cost to factory. The net realizable value of off-spec traded phosphatic and potassic

out fertilizers is at 30% of MRP excluding subsidy.

The Net realizable value of imported Urea is the selling price net of dealers' margin and other entitled compensation as contracted with the Government net of variable selling and distribution cost.

The net realizable value of off-spec imported Urea is taken at 40% of MRP excluding subsidy.

Average freight incurred on despatches from silo/factory/ port to godown and other products handling costs is reduced for arriving at the net realizable value in respect of stocks of fertilizers in silo/factory/port.

The net realizable value of non-fertilizer products is taken at lowest selling prices net of variable selling and distribution costs, expected to be realized in future.

#### M) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When a provision is expected to be reimbursed, the reimbursement is recognized 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 recognized as finance cost.

#### Decommissioning liability

The Company records a provision for decommissioning costs towards its manufacturing facilities wherever applicable. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised

in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

#### N) Contingencies

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises where a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized but are disclosed where an inflow of economic benefits is probable. The estimation of financial effect in respect of contingent liabilities and contingent assets wherever not practicable, is not disclosed and such fact is accordingly stated.

#### O) 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

###### Initial recognition and measurement

All financial assets are recognized initially at fair value. However in case of financial assets that are not recorded at fair value through profit or loss; the transaction costs that are directly attributable to the acquisition of issue of such financial assets are added to the value of the financial assets.

###### Subsequent measurement

Financial assets presently held by the Company are classified as under:-

- Debt instruments at amortized cost
- Debt instruments and derivatives at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

##### b. Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both of the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the statement of profit or loss. This category generally applies to trade and other receivables.

**c. Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit or loss.

**d. Equity investments**

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may decide to classify the same as at FVTOCI. The Company makes such election on an instrument-by-instrument basis upon on initial recognition and same is irrevocable.

Upon classification of equity instruments as at FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investments. 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 statement of profit or loss.

**e. Derivative financial instruments**

The Company enters into a variety of derivative financial instruments to manage its exposure to interest and foreign exchange rate risks, like foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognized at fair value on the date the derivative contracts are entered into and are subsequently re-measured to their fair value (Mark to Market) at the end of each reporting period. The resulting gain or loss is recognized in the Statement of profit and loss. Company does not designate any of its derivative instruments as hedge instruments. Derivatives are carried as financial assets when fair value is positive and as financial liabilities when the fair value is negative.

Transaction costs incurred for such derivative instruments are charged off to Statement of Profit and Loss on initial recognition.

**f. Derecognition**

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**g. Impairment of financial assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- i. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- ii. Lease receivables
- iii. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.
- iv. Financial guarantee contracts which are not measured as at FVTPL

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. All cash shortfalls) discounted at the original effective interest rate.

While estimating cash flows, Company considers all contractual terms of financial instrument over the expected life of the financial instrument including cash flows from the sale of collateral held that are integral to contractual terms.

The company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

Based on the same, it recognizes impairment allowance based on lifetime ECL at each reporting date, right from its initial recognition.

Further for the purpose of measuring lifetime ECL allowance for trade receivables the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes in account historical credit

loss experience with adjustments for collaterals available and forward looking information, if required.

ECL allowance is not recognized on Subsidy receivables since they are due from Government of India and also on other receivables which are largely due from Government agencies, as the Company does not perceive any risk of default which would be material.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortised cost, trade receivables and lease receivables:

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet.

The allowance reduces the net carrying amount, until the asset meets write-off criteria.

Trade receivables, other receivables, loans and advances are also fully provided for as doubtful upon review on case to case basis, to the extent of such loss considered as incurred.

**h. Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition as loans and borrowings, payables, derivatives and financial liabilities at fair value through profit or loss. The Company's financial liability consists of trade and other payables,

loans and borrowings, bank overdrafts, financial guarantee contracts and derivative financial instruments.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs, if any.

#### **Subsequent measurement**

The subsequent measurement of financial liabilities of the Company depending on their classification is described below:-

#### **Loans and borrowings including bank overdrafts**

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

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

This category generally applies to interest-bearing loans and borrowings.

#### **i. Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder of the guarantee for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognized less cumulative amortization.

#### **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same

lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

#### **P) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

#### **Q) Investments in associates and Joint ventures**

The results and assets and liabilities of associates or joint ventures are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IND AS 105.

An associate is an entity over which the Company 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.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Company's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Company's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Company's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Company's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

#### **R) Non – current assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Transferable development Rights having commercial substance, received upon surrender of rights on open land is initially measured at fair value. Their subsequent measurement would be at lower of their carrying amount and fair value less costs to sell, since they are expected to be disposed.

#### **S) Government grants**

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in statement of profit and loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate and are presented within Other income.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

Government grants relating to purchase of property, plant and equipment are included in Other non-current liabilities and are credited to profit or loss on a Straight-line basis over the expected lives of the related assets.

In the event of such property, plant and equipment being disposed off before completion of its estimated useful life, the outstanding amount of such capital grant is fully credited to profit or loss in the year of its disposal.

## T) Employee benefits

### a. Short Term Employee Benefits:

All employee benefits payable within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

### b. Retirement benefit costs and termination benefits and other long term employee benefits

#### Defined Contribution Schemes

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Company's defined Contribution made to its Super-annuation scheme is charged off to Statement of Profit and Loss on accrual basis.

#### Defined Benefit Plans

##### Provident Fund

Contribution to Provident Fund is accounted for on accrual basis. The Provident Fund contributions are made to a Trust administered by the Company by both the employer as well as employee. The Trust invests in specific designated instruments as permitted by Indian Law. The interest rate payable to the members of the Trust is being administered by the Government. The Company has an obligation to make good the shortfall, if any between the return from the investments of the Trust and the notified interest rate. Further in the event there is a deficit, owing to the fair valuation of plan assets defined benefit obligation at the balance sheet date, Company has to fund the shortfall. Such shortfall including shortfall in the interest is recognized in the Statement of Profit and Loss.

##### Gratuity and Post-retirement medical benefits

For Defined Benefit plans comprising of gratuity, post-retirement medical benefits the cost of providing benefits is determined using the **Projected Unit credit method**, with actuarial valuations being carried out at the end of each

annual reporting period. Re-measurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expenses or income; and
- re-measurements

The Company presents the first two components of defined benefit costs in the Statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans

The cost of the defined benefit gratuity plan and other Post employment medical benefits and the present value of gratuity obligation are determined using actuarial valuation techniques.

#### Termination Benefits

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

#### Other Long term benefits

Liabilities recognized in respect of other long term benefits like leave encashment and long

term service awards are measured at the present value of the estimated future cash outflows to be made by the Company (based on actuarial valuation) in respect of services provided by employees upto the reporting date.

#### U) Segment Reporting

The Company has recognized the following operating segments, viz Fertilizers, Industrial Chemicals and Trading, the business activities it is primarily engaged into. The same has been done based on the review of the operating results, internal reporting, review of performance, decision making relating to future allocation of resources, policy parameters influencing business etc. carried out by its Chief Operating Decision Maker i.e. Executive Management Committee/Board of Directors.

#### V) Prepaid Expenses

Individual expense up to ₹ 1,00,000 is not considered in classifying prepaid expenses.

#### W) Research and Developments expenses

Revenue expenditure on Research activity is recognized separately and charged to Statement of Profit and Loss. Expenditure on development activities is capitalized when its future economic benefits can reasonably be regarded as assured.

#### X) Earnings per Share (EPS)

Basic earnings per share is calculated by dividing net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Upon discontinuation of an operation, the basic and diluted amount per share for the discontinued operation is separately reported, as applicable.

#### Y) Cash Dividend

The Company recognizes a liability to make cash distributions to shareholders when the distribution is authorized and the same is no longer at the discretion of the Company. As per corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

### IV) Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions.

Company has elected to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition measured as per Indian GAAP and use that as its deemed cost as at date of transition. The same is applicable even for Investment property and intangible assets.

Company has also reviewed the necessary adjustments required to be done in accordance with paragraph D21 this standard (i.e. adjustments arising on account of decommissioning or restoration liabilities) and has accordingly considered the impact of the same wherever applicable.

The Company has designated unquoted equity instruments held at 1<sup>st</sup> April 2015 as fair value through OCI.

### V) IND AS implemented during the year

#### IND AS 12 Appendix C, Uncertainty over Income Tax Treatments:

On March 30, 2019 Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax credits and tax rates.

The Company has evaluated the effect of the treatment on the financial statements and concluded that there is no impact.

#### Amendment to Ind AS 12- Income taxes:

On March 30, 2019 Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transaction or events.





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The Company has evaluated the effect of the treatment on the financial statements and concluded that there is no impact.

**Amendment to Ind AS 19, plan amendment, curtailment or settlement:**

On March 30, 2019 Ministry of Corporate Affairs issued amendments to the guidance in Ind As19, 'Employee Benefits', in accordance with accounting for plan amendments, curtailments and settlements. The amendments require an entity-

- To use updated assumptions to determine current service cost and net interest for the remainder of the periods after plan amendment, curtailment or settlement and
- To recognize in profit or loss as part of past service cost, or gain or loss on settlement any reduction in surplus even if that surplus was not previously recognized because of the impact of the asset ceiling.

The Company has evaluated the effect of the treatment on the financial statements and concluded that there is no impact.

**Amendments to Ind AS 109, Financial Instruments:**

The amendments notified to Ind AS 109 pertain to classification of a financial instruments with prepayment feature with negative compensation. Negative compensation arises where the terms of the contract of the financial instrument permit the holder to make repayment or permit the lender or issuer to put the instrument to the borrower for repayment before the maturity at an amount less than the unpaid amounts of principal and interest. Earlier, there was no guidance on classification of such instruments.

The Company has evaluated the effect of the treatment on the financial statements and concluded that there is no impact.

**Amendments to Ind AS 28, Investments in Associates and Joint Ventures:**

As Company is reporting its Net investment in its Joint venture or Associate using Equity Method the Company has evaluated the effect of the treatment on the financial statements and concluded that there is no impact.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

₹ Crore

Sr. No.	Description	DEEMED COST / COST			DEPRECIATION			IMPAIRMENT LOSS			NET BOOK VALUE		
		AS.AT 01.04.2019	Of Additions/ Adjustments *	Of Deductions/ Adjustments	AS.AT 31.03.2020	UPTO 01.04.2019	Provided during the year	On items Sold/ Discarded/ Adjusted	UPTO 31.03.2020	UPTO 01.04.2019	Provided during the year	UPTO 31.03.2020	AS.AT 31.03.2020
a.	Land ( Freehold )	10.74	-	-	10.74	-	-	-	-	-	-	10.74	10.74
	Land (Leasehold) ROU	-	10.39	-	10.39	-	0.80	-	0.80	-	-	9.59	-
b.	Buildings	163.13	78.99	0.07	242.05	25.42	9.55	0.01	34.96	0.71	-	206.38	137.00
	Buildings ROU	-	2.68	0.20	2.48	-	0.59	0.04	0.55	-	-	1.93	-
c.	Plant & Machinery	2161.42	246.32	4.16	2403.58	466.98	137.28	0.95	603.31	7.40	2.86	1790.01	1687.04
d.	Furniture & Fixtures	11.63	0.39	0.05	11.97	5.55	1.34	0.03	6.86	-	-	5.11	6.08
e.	Vehicles	3.36	0.68	0.06	3.98	1.98	0.37	0.06	2.29	-	-	1.69	1.38
	Vehicles ROU	-	3.51	-	3.51	-	1.35	-	1.35	-	-	2.16	-
f.	Office Equipments	25.11	0.64	0.08	25.67	14.58	3.21	0.05	17.74	-	-	7.93	10.53
g.	Others												
i)	Roads & Culverts	12.18	2.06	-	14.24	5.37	1.94	-	7.31	-	-	6.93	6.81
ii)	Railway sidings	15.29	-	-	15.29	5.12	0.96	-	6.08	-	-	9.21	10.17
iii)	Water System, Sewerage & Drainage	20.20	0.74	-	20.94	4.27	1.27	-	5.54	-	-	15.40	15.93
iv)	Miscellaneous Equipments	87.61	5.91	0.06	93.46	30.58	8.68	0.02	39.24	-	-	54.22	57.03
	<b>TOTAL</b>	<b>2510.67</b>	<b>352.31</b>	<b>4.68</b>	<b>2858.30</b>	<b>559.85</b>	<b>167.34</b>	<b>1.16</b>	<b>726.03</b>	<b>8.11</b>	<b>2.86</b>	<b>2121.30</b>	<b>1942.71</b>
	Previous Year Figures	2317.08	196.64	3.05	2510.67	405.48	154.73	0.36	559.85	8.11	-	1942.71	1903.49

₹ Crore

1.1	* Additions/ Adjustments in PPE include the following	<b>Item of Asset</b>	<b>AS AT 31.03.2020</b>	<b>AS AT 31.03.2019</b>
	Exchange Differences		0.46	3.37
	Borrowing Costs	Plant & Machinery	-	-
	<b>TOTAL</b>		<b>0.46</b>	<b>3.37</b>
1.2	Land at Thal included in Gross Block (at cost) at ₹ 4.43 Crore (area measuring 50,52,476 Sq. Mtr.) is subject to final revision in price.			
1.3	Assets offered as security for loans have been provided in Note No 18			
1.4	Capital work in progress		<b>AS AT 31.03.2020</b>	<b>AS AT 31.03.2019</b>
			433.49	275.69

₹ Crore

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

### NOTE NO. 2 – NON-CURRENT ASSETS - INVESTMENT PROPERTY

Description	DEEMED COST / COST				DEPRECIATION			IMPAIRMENT LOSS			NET BOOK VALUE		
	AS.AT 01.04.2019	Of Additions/ Adjustments	Of Deductions/ Adjustments	AS.AT 31.03.2020	UPTO 01.04.2019	Provided during the year	On items Sold/ Discarded/ Adjusted	UPTO 31.03.2020	UPTO 01.04.2019	Provided during the year	UPTO 31.03.2020	AS.AT 31.03.2020	AS.AT 31.03.2019
Land ( Freehold )	0.01	-	-	0.01	-	-	-	-	-	-	-	0.01	0.01
Buildings	7.04	-	-	7.04	0.76	0.19	-	0.95	-	-	-	6.09	6.28
<b>TOTAL</b>	<b>7.05</b>	-	-	<b>7.05</b>	<b>0.76</b>	<b>0.19</b>	-	<b>0.95</b>	-	-	-	<b>6.10</b>	<b>6.29</b>
Previous Year Figures	5.53	1.52	-	7.05	0.43	0.16	(0.17)	0.76	-	-	-	6.29	5.10

₹ Crore

2.1 The Company's investment properties consist of commercial / residential properties located at Mumbai, Alibaug and Lucknow. The management has determined that the investment properties consist of two classes of assets – land and building.

₹ Crore

	AS AT 31.03.2020	AS AT 31.03.2019
<b>Information regarding income and expenditure of Investment Property</b>		
Rental income derived from investment properties	33.97	28.98
Less: Direct operating expenses (including repairs and maintenance) generating rental income	1.36	1.10
Less: Direct operating expenses (including repairs and maintenance) that did not generate rental income	0.17	0.13
<b>Profit arising from investment properties before depreciation and indirect expenses</b>	<b>32.44</b>	<b>27.75</b>
Less: Depreciation	0.19	0.15
<b>Profit arising from investment properties before indirect expenses</b>	<b>32.25</b>	<b>27.60</b>

2.3 Company undertakes expenditure towards Maintenance for upkeep of its properties which also covers the portion relating to Investment Property. The same being not material, no separate disclosure of contracts entered into for maintenance of investment property is given.

2.4 As at 31 March 2020, the fair values of the properties is ₹ 842.58 crore (₹ 840.55 crore as on 31.03.2019). These valuations are based on valuations performed by Ms Anmol Sekhri Consultant Pvt. Ltd, an accredited independent valuer and has worked out the value of the property based on the information and a study of the micro market in discussions with industry experts, local brokers and regional developers.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

2.5 Fair value disclosures for investment properties is detailed below

Reconciliation of Fairvalue		AS AT 31.03.2020	AS AT 31.03.2019
₹ Crore			
<b>LAND</b>			
Opening balance		232.84	223.60
Fair Value		242.08	232.84
Fair value difference		9.24	9.24
Purchases / Transfers		—	—
<b>Closing balance</b>		<b>242.08</b>	<b>232.84</b>
<b>BUILDING</b>			
Opening balance		607.71	467.54
Fair Value		639.72	606.19
Fair value difference		32.01	138.65
Purchases / Transfers		(39.22)	1.52
<b>Closing balance</b>		<b>600.50</b>	<b>607.71</b>
<b>TOTAL</b>			
Opening balance		840.55	691.14
Fair Value		881.80	839.03
Fair value difference		41.25	147.89
Purchases / Transfers		(39.22)	1.52
<b>Closing balance</b>		<b>842.58</b>	<b>840.55</b>

Description	DEEMED COST / COST			AMORTISATION			IMPAIRMENT LOSS			NET BOOK VALUE			
	AS.AT 01.04.2019	Of Additions/ Adjustments	Of Deductions/ Adjustments	AS.AT 31.03.2020	UPTO 01.04.2019	Provided during the year	On items Sold/ Discarded/ Adjusted	UPTO 31.03.2020	UPTO 01.04.2019	Provided during the year	UPTO 31.03.2020	AS.AT 31.03.2020	AS.AT 31.03.2019
Computer Software	12.49	2.62	—	15.11	11.50	0.99	—	12.49	—	—	—	2.62	0.99
<b>TOTAL</b>	<b>12.49</b>	<b>2.62</b>	<b>—</b>	<b>15.11</b>	<b>11.50</b>	<b>0.99</b>	<b>—</b>	<b>12.49</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2.62</b>	<b>0.99</b>
Previous Year Figures	11.77	0.72	—	12.49	10.36	1.14	—	11.50	—	—	—	0.99	1.41

**NOTE No. 3 – NON-CURRENT ASSETS - INTANGIBLE ASSETS**



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

		₹ Crore	
NOTE NO. 4	“NON-CURRENT ASSETS” “FINANCIAL ASSETS – INVESTMENTS”	AS AT 31.03.2020	AS AT 31.03.2019
<b>Investments in Equity Instruments:</b>			
<b>Unquoted (Fully paid up)</b>			
<b>a Joint Ventures</b>			
i	Urvarak Videsh Ltd. (1,80,002 equity shares (P.Y.1,80,002) of ₹10 each )	0.02	0.03
ii	Talcher Fertilizers Limited (Formerly known as Rashtriya Coal Gas Fertilizers Limited) ( 15,95,04,807 equity shares (P.Y. 1,63,44,568 equity shares) of ₹10 each) (Under lock in period for 5 year from date of commercial operation)	152.26	10.11
<b>b Others</b>			
	Indian Potash Limited* (6,73,200 equity shares (P.Y. 6,73,200 equity shares) of ₹10 each)	72.26	69.99
<b>Other Investments (Unquoted)</b>			
	<b>Transfer Development Rights</b> (Refer Note No. 59)	31.23	–
<b>TOTAL</b>		<b>255.77</b>	<b>80.13</b>

\*Reconciliation of fair value measurement of the investment in unquoted equity shares of Indian Potash Limited (IPL)

	31.03.2020	31.03.2019
Opening balance	69.99	57.38
Total Gains and losses recognised in OCI	2.27	12.61
<b>Closing Balance</b>	<b>72.26</b>	<b>69.99</b>

		₹ Crore	
NOTE NO. 5	“NON-CURRENT ASSETS” “FINANCIAL ASSETS – TRADE RECEIVABLES”	AS AT 31.03.2020	AS AT 31.03.2019
<b>Debtors</b>			
	Credit Impaired	1.56	1.87
	Less: Provision for doubtful debts	(1.56)	(1.87)
<b>TOTAL</b>		<b>–</b>	<b>–</b>

		₹ Crore	
NOTE NO. 6	“NON-CURRENT ASSETS” “FINANCIAL ASSETS – LOANS”	AS AT 31.03.2020	AS AT 31.03.2019
i	Secured Considered Good : Loans- Employees	0.13	0.27
ii.	Unsecured Considered Good : Loan- Other CPSE	20.40	–
iii.	Significant Increase in Credit Risk	–	–
iv.	Credit Impaired	–	–
<b>TOTAL</b>		<b>20.53</b>	<b>0.27</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

		₹ Crore	
NOTE NO. 7	“NON-CURRENT ASSETS” “FINANCIAL ASSETS – OTHERS”	AS AT 31.03.2020	AS AT 31.03.2019
<b>(i) Advances to Related Parties</b>			
	Considered Doubtful (Refer Note No. 54.1)	36.50	36.50
	Less: Provision	(36.50)	(36.50)
		–	–
<b>(ii) Advance against Equity Pending allotment (Refer Note No. 54.1)</b>			
	Less: Provision towards diminution in value	2.36	2.36
		(2.36)	(2.36)
		–	–
<b>(iii) Others</b>			
	Receivables towards Rent / Services provided		
	Unsecured - Considered Doubtful	4.40	5.84
	Less: Provision for doubtful Receivables	(4.40)	(5.84)
		–	–
	<b>TOTAL</b>	–	–

		₹ Crore	
NOTE NO. 8	“NON-CURRENT ASSETS” “FINANCIAL ASSETS – CURRENT ASSET”	AS AT 31.03.2020	AS AT 31.03.2019
<b>(i) Capital Advances</b>			
	Unsecured -Considered Good	10.31	55.48
<b>(ii) Advances other than capital advances</b>			
<b>a. Security Deposits</b>			
	Unsecured -Considered Good (Refer Note No. 41.1.3)	19.22	19.12
	Considered Doubtful	0.27	0.27
	Less: Provision	(0.27)	(0.27)
		19.22	19.12
<b>b. Loans (Material given on refundable basis) to Related Parties</b>			
	Considered Doubtful	1.37	1.37
	Less: Provision	(1.37)	(1.37)
		–	–
<b>c. Other Advances</b>			
<b>Unsecured -Considered Good</b>			
<b>i. VAT Receivable</b>			
	Unsecured -Considered Good	60.80	107.58
	Unsecured -Considered Doubtful	1.30	1.30
	Less: Provision	(1.30)	(1.30)
		60.80	107.58
<b>ii. Considered Doubtful</b>			
	Less: Provision for doubtful advances	3.37	1.62
		(3.37)	(1.62)
		–	–



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

		₹ Crore	
NOTE NO. 8	“NON-CURRENT ASSETS” “FINANCIAL ASSETS – CURRENT ASSET”	AS AT 31.03.2020	AS AT 31.03.2019
iii.	Advance Income Tax (Net of Provision)	109.60	105.15
iv.	Deposits with Customs, Port Trust etc.		
	Unsecured -Considered Good	3.37	2.99
	Unsecured -Considered Doubtful	2.00	2.00
	Less: Provision	(2.00)	(2.00)
		3.37	2.99
v.	Prepaid expenses	0.27	1.06
vi.	Lease Premium Prepaid	–	2.48
vii.	Other Miscellaneous	–	3.17
	Total Other Advances	174.04	222.43
<b>(iii) Others</b>			
	Employee Benefit Asset	0.13	0.23
	<b>TOTAL</b>	<b>203.70</b>	<b>297.26</b>

		₹ Crore	
NOTE NO. 9	“CURRENT ASSETS” “INVENTORIES”	AS AT 31.03.2020	AS AT 31.03.2019
i.	Raw materials	240.38	272.72
	Raw materials-in-transit	85.51	0.36
	Raw materials (Total)	325.89	273.08
ii.	Finished Goods	233.16	306.02
	Finished Goods-in-transit	50.67	81.70
	Finished Goods (Total)	283.83	387.72
iii.	Stock in Trade/Bought out Products	3.33	121.57
	Stock in Trade/Bought out Products-in-transit	–	375.96
	Stock in Trade/Bought out Products (Total)	3.33	497.53
iv.	Intermediary Products	28.90	35.41
v.	By products	5.77	4.43
vi.	Stores & Spares, packing materials and Petroleum products	327.36	308.23
	Less: Provision for Obsolescence etc./Loss under Investigation	(25.14)	(27.62)
		302.22	280.61
vii.	Certified Emission Reduction Credits (CER) / Renewable Energy Certificates (REC) (No. of CER Units C.Y. 9,73,738 , P.Y. 9,73,738) (No. of REC Units C.Y. 13 , P.Y. NIL)	–	–
	<b>TOTAL</b>	<b>949.94</b>	<b>1478.78</b>
	<b>Inventory Includes:</b>		
	<b>Stores and Spares</b>		
a)	Under inspection	1.87	0.46
b)	Platinum & Rhodium stolen in earlier year and under investigation which is not available for verification	0.21	0.21
c)	With fabricators	20.12	8.32
	Cost of Inventories Recognised as expense	3866.29	3975.25
	Writedown of Inventories charge to P&L (difference between cost & NRV)	10.03	3.56
	Reversal of writedowns	–	–

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

NOTE NO. 10	“CURRENT ASSETS” “FINANCIAL ASSETS – TRADE RECEIVABLES”	₹ Crore	
		AS AT 31.03.2020	AS AT 31.03.2019
	<b>Subsidy Receivable (Unsecured - considered good)*</b>	4248.14	4199.66
	<b>Sundry Debtors</b>		
	Secured - Considered good	108.87	114.90
	Unsecured - Considered good	197.35	239.45
	Significant Increase in Credit Risk	0.84	0.30
		307.06	354.65
	Less : Provision for expected credit loss **	(3.97)	(1.77)
	Total - Sundry Debtors	303.09	352.88
	<b>TOTAL</b>	<b>4551.23</b>	<b>4552.54</b>

\*Includes an amount of ₹ 910.66 crore (P.Y. ₹ 788.17 crore) under special banking arrangement secured by way of specific subsidy claims to be settled by DoF/FICC)

\*\* The company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix. The provision matrix takes into account historical credit loss experience. The expected credit loss (ECL) allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting is as follows.

**ECL % - Ageing**

Not due	0.24	0.25
00 - 90 days	3.06	2.66
91 - 180 days	19.31	15.36
181 - 365 days	58.35	54.63
> 365 days (fully secured)	–	–

**Age of Receivables (₹ Cr)**

Not due - Receivable from GoI (Not tested for ECL)	12.38	–
Not due - Other Debtors	250.18	342.04
00 - 90 days	35.96	9.60
91 - 180 days	6.67	2.00
181 - 365 days	1.69	0.64
> 365 days (fully secured)	0.18	0.37
	<b>307.06</b>	<b>354.65</b>

**Movement in ECL allowance (₹Cr)**

Balance at Beginning of the year	1.77	3.20
Movement	2.20	(1.44)
Balance at End of the year	3.97	1.77

Out of the total Sundry Debtors, Debtors amounting to ₹ 108.87 Crore as on 31.03.2020 (PY ₹ 114.90 Crore) are secured against collaterals in form of Deposits / Bank Guarantees received and held by the company





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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

		₹ Crore	
NOTE NO. 11	“CURRENT ASSETS” “FINANCIAL ASSETS – CASH AND CASH EQUIVALENTS”	AS AT 31.03.2020	AS AT 31.03.2019
<b>Cash and Cash Equivalents</b>			
i.	Balances with Bank	2.06	3.58
ii.	Cash on hand	0.01	0.01
<b>TOTAL</b>		<b>2.07</b>	<b>3.59</b>

The above cash and cash equivalent have not been pledged

		₹ Crore	
NOTE NO. 12	“CURRENT ASSETS” “FINANCIAL ASSETS – OTHER BANK BALANCES”	AS AT 31.03.2020	AS AT 31.03.2019
i.	Margin money deposit / Bond Money received from Employees	0.42	0.39
ii.	In unpaid Dividend Account *	0.87	0.88
<b>TOTAL</b>		<b>1.29</b>	<b>1.27</b>

\* Earmarked balances with banks / No amounts are due & payable to Investor Education & Protection Fund

		₹ Crore	
NOTE NO. 13	“CURRENT ASSETS” “FINANCIAL ASSETS – LOANS”	AS AT 31.03.2020	AS AT 31.03.2019
<b>i. Secured Considered Good</b>			
	Loans- Employees	0.31	0.51
<b>ii. Unsecured Considered Good (Refer Note No. 54.2)</b>			
	Loan- Other CPSE	6.19	25.50
iii.	Significant Increase in Credit Risk	–	–
iv.	Credit Impaired	–	–
<b>TOTAL</b>		<b>6.50</b>	<b>26.01</b>

		₹ Crore	
NOTE NO. 14	“CURRENT ASSETS” “FINANCIAL ASSETS – OTHERS”	AS AT 31.03.2020	AS AT 31.03.2019
i.	Finance Lease receivable (Refer Note No. 43)*	–	0.34
ii.	Advance to Related Party	–	0.05
iii.	Derivatives not designated as hedges (receivable)	2.67	0.14
iv.	Interest Accrued	0.20	0.16
v.	Receivables towards Rent / Services provided **	1652.33	43.19
<b>TOTAL</b>		<b>1655.20</b>	<b>43.88</b>

\* Expected credit loss-NIL

\*\* Includes an amount of ₹ 1598.65 Crore receivable from Government of India towards Import of Urea on Government Account (P.Y. NIL)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

NOTE NO. 15	“CURRENT ASSETS” “OTHER CURRENT ASSETS”	₹ Crore	
		AS AT 31.03.2020	AS AT 31.03.2019
<b>i. Advances other than capital advances</b>			
<b>Security Deposits</b>			
Unsecured -Considered Good		0.08	0.22
<b>ii. Other Advances</b>			
<b>Unsecured -Considered Good</b>			
i. Contractors		32.77	19.73
ii. Employees		0.29	0.31
iii. GST Receivable (Asset)		38.77	43.37
iv. Prepaid expenses		10.97	9.00
v. Lease Premium Prepaid		–	0.14
<b>Total Other Advances</b>		82.80	72.55
<b>iii. Non Current Assets held for Disposal</b>		0.57	131.97
(Refer Note No. 53 & 59)			
<b>iv. Employee Benefit Asset</b>		0.08	0.13
	<b>TOTAL</b>	<b>83.53</b>	<b>204.87</b>

NOTE NO. 16	“EQUITY” “EQUITY SHARE CAPITAL”	₹ Crore	
		AS AT 31.03.2020	AS AT 31.03.2019
<b>Authorised</b>			
80,00,00,000 Equity Shares of ₹10/- each.		800.00	800.00
<b>Issued, Subscribed and Paid Up</b>			
55,16,88,100 Equity shares of ₹10/- each fully paid up.		551.69	551.69
	<b>TOTAL</b>	<b>551.69</b>	<b>551.69</b>

**RECONCILIATION OF SHARES OUTSTANDING AT THE BEGINNING AND END OF THE REPORTING PERIOD**

	31.03.2020		31.03.2019	
	No.	₹ Crore	No.	₹ Crore
<b>EQUITY SHARES</b>				
At the beginning of the year	551688100	551.69	551688100	551.69
Issued during the year	–	–	–	–
Outstanding at the end of the year	551688100	551.69	551688100	551.69

**Terms/Rights Attached to Equity shares**

The Company has only one class of equity shares having par value of ₹ 10 per share. Each share holder is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. 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.

**DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES IN THE COMPANY**

	31.03.2020		31.03.2019	
	No.	% age of shareholding	No.	% age of shareholding
i. President of India	413769483	75.00	413769483	75.00



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

NOTE NO. 17	“EQUITY” “OTHER EQUITY”	₹ Crore	
		AS AT 31.03.2020	AS AT 31.03.2019
<b>i. Other Reserves</b>			
<b>General Reserve</b>			
Opening Balance		2431.27	2340.72
Add: Transferred (to) / from Retained Earnings		142.05	90.55
Closing Balance		2573.32	2431.27
<b>Equity Instruments through Other Comprehensive Income Reserve</b>			
Opening Balance		45.53	37.32
Add: Changes in accounting policy as per IND AS (Net of Tax)		–	–
Add: Other Comprehensive Income for the year (Net of Tax)		8.50	8.21
Closing Balance		54.03	45.53
<b>ii. Retained Earnings</b>			
Opening Balance / Adjustments		–	–
Profit for the year		207.13	132.92
Add: Remeasurement of Defined Benefit Plans (Net of Tax) - Actuarial Valuation		(13.87)	(2.46)
Less: Dividends paid (C.Y. ₹ 0.77 per share, P.Y. ₹ 0.60 per share)		(42.48)	(33.10)
Less: Dividend Distribution Tax		(8.73)	(6.81)
Less: Transfer (to) / from General Reserve		(142.05)	(90.55)
Closing Balance		–	–
<b>TOTAL</b>		<b>2627.35</b>	<b>2476.80</b>

For FY 2019-20, The board of directors have recommended a dividend of ₹ 2.84 per share (P.Y. ₹ 0.77 per share) which is subject to approval of the shareholders. Further the same is not subject to dividend distribution tax as per changes made in Finance Act 2020 (P.Y. ₹ 8.73 crore)

NOTE NO. 18	“NON-CURRENT LIABILITIES” “FINANCIAL LIABILITIES - BORROWINGS”	₹ Crore			
		AS AT 31.03.2020		AS AT 31.03.2019	
		Non Current	Current	Non Current	Current
<b>SECURED</b>					
<b>Term Loan from Banks</b>					
<b>1 Rupee Loan from Banks</b>					
<b>a. Kotak Mahindra Bank Limited</b>					
A loan of ₹ 250 crore availed from Kotak Mahindra Bank is secured by first pari passu charge by way of hypothecation on movable fixed assets (machinery and equipments) of the Ammonia plant situated at Thal to the extent of 1.25 times of the amount borrowed from bank. The rate of interest is linked to 3 months MIBOR (reset after every 3 months) plus fixed margin of 1.11% per annum. Repayment of the said loan would fall due for ₹ 58.82 crore in FY 2020-21, ₹ 58.82 crore in FY 2021-22, ₹ 58.83 crore in FY 2022-23.					
		117.65	58.82	176.47	58.82
<b>b. Exim Bank</b>					
A loan of ₹ 117 crore availed from EXIM Bank is secured by first pari passu charge by way of hypothecation on movable fixed assets (machinery and equipments) present and future of the Urea Plant situated at Thal to the extent of 1.25 times of the amount borrowed from bank. The rate of interest is linked to 1 year G-sec (reset after every 3 months) plus fixed margin of 1.20% per annum. Repayment of the said loan would fall due for ₹ 27.53 crore in FY 2020-21, ₹ 27.53 crore in FY 2021-22, ₹ 27.53 crore in FY 2022-23 and ₹ 6.88 crore in F.Y 2023-24.					
		61.94	27.53	89.47	27.53

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

		₹ Crore			
NOTE NO. 18	“NON-CURRENT LIABILITIES” “FINANCIAL LIABILITIES - BORROWINGS”	AS AT 31.03.2020		AS AT 31.03.2019	
		Non Current	Current	Non Current	Current
<b>c. State Bank of India</b>		297.56	11.44	–	–
	A loan of ₹ 350 crore sanctioned by State Bank of India and availed ₹ 309 crore is secured by first pari passu charge by way of hypothecation on movable fixed assets (machinery and equipments) present and future of the Ammonia I Plant, Suphala Plant, Urea Plant, Ammonia V Plant, New Sewage Water Treatment Plant situated at Trombay to the extent of 1.25 times of the amount borrowed from bank. The rate of interest is linked to 3 months MCLR as notified by the bank from time to time. Repayment of the said loan would fall due for ₹ 11.44 crore in FY 2020-21, ₹ 45.78 crore in FY 2021-22, ₹ 45.78 crore in FY 2022-23, ₹ 45.78 crore in F.Y 2023-24, ₹ 45.78 crore in F.Y 2024-25, ₹ 45.78 crore in F.Y 2025-26, ₹ 45.78 crore in F.Y 2026-27 and ₹ 22.88 crore in F.Y 2027-28				
		477.15	97.79	265.94	86.35
<b>2 Foreign Currency Loan / External Commercial Borrowings</b>					
<b>a. Kotak Mahindra Bank Limited</b>		–	–	–	20.72
	A foreign currency Term loan of ₹ 100 crore equivalent to USD 15.99 Million availed by the Company from Kotak Mahindra Bank Limited, is secured by way of hypothecation on movable fixed assets (machinery and equipments) of the Ammonia V Plant situated at Trombay to the extent of 1.25 times of the loan amount. The rate of interest is 6 months USD LIBOR plus margin of 2.75% per annum. The said loan has been fully repaid during the year.				
<b>b. Yes Bank Limited</b>		18.56	12.38	28.36	11.35
	A foreign currency Term loan of ₹ 55 crore equivalent to USD 8.21 Million availed by the Company from Yes Bank Limited, is secured by way of hypothecation on movable fixed assets (machinery and equipments) of the Medium Pressure (MP) and High Pressure (HP) Nitric Acid Plant situated at Trombay to the extent of 1.25 times of the loan amount. The rate of interest is fixed at 3.70% per annum. Repayment of the said loan would fall due for ₹ 12.38 crore in FY 2020-2021, ₹ 12.38 crore in FY 2021-22, and ₹ 6.18 crore in FY 2022-23.				
<b>c. State Bank of India</b>		105.20	35.07	130.81	32.70
	Term loan of EURO 25.50 Million availed by the Company from State Bank of India Antwerp branch, under RBI Loan Registration no. 201709145 is secured by way of hypothecation on movable fixed assets (machinery and equipments) of the GTG & HRSG project situated at Thal to the extent of 1.25 times of the loan amount. The rate of interest is 6 months EURIBOR plus margin of 1.05% per annum. Repayment of the said loan would fall due for ₹ 35.07 crore in FY 2020-21, ₹ 35.07 crore in FY 2021-22, ₹ 35.07 crore in FY 2022-23 and ₹ 35.06 crore in FY 2023-24.				
		123.76	47.45	159.17	64.77
	Amount disclosed under the head “OTHER CURRENT LIABILITIES” (Refer Note No. 26)		(145.24)		(151.12)
	<b>TOTAL</b>	<b>600.91</b>	<b>–</b>	<b>425.11</b>	<b>–</b>



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

NOTE NO. 19	“NON-CURRENT LIABILITIES” “FINANCIAL LIABILITIES – TRADE PAYABLES”	₹ Crore	
		AS AT 31.03.2020	AS AT 31.03.2019
<b>Trade Payables</b>			
(A) Outstanding dues of micro enterprises and small enterprises		–	–
(B) Outstanding dues of creditors other than micro enterprises and small enterprises (Refer Note No. 49)		211.79	211.79
	<b>TOTAL</b>	<b>211.79</b>	<b>211.79</b>

NOTE NO. 20	“NON-CURRENT LIABILITIES” “FINANCIAL LIABILITIES – OTHERS”	₹ Crore	
		AS AT 31.03.2020	AS AT 31.03.2019
i. Security Deposit from Vendors		34.44	43.71
ii. Deposit from Employees		0.01	0.01
iii. Other Liabilities (ROU Lease Liability)		9.44	–
	<b>TOTAL</b>	<b>43.89</b>	<b>43.72</b>

NOTE NO. 21	“NON-CURRENT LIABILITIES” “PROVISIONS”	₹ Crore	
		AS AT 31.03.2020	AS AT 31.03.2019
<b>Provision for Employee Benefits</b>			
i. Leave Salary Encashment		101.25	98.95
ii. Post Retirement Medical Benefits		87.03	71.64
iii. Gratuity		–	10.57
iv. Long Service Award		0.27	0.30
	<b>TOTAL</b>	<b>188.55</b>	<b>181.46</b>

NOTE NO. 22	“NON-CURRENT LIABILITIES” “DEFERRED TAX LIABILITIES (NET)”	₹ Crore	
		AS AT 31.03.2020	AS AT 31.03.2019
<b>a. Deferred Tax Liability:</b>			
i. Depreciation		286.17	392.47
ii. Fair value of Investments		18.06	24.29
iii. Revenue from TDR		8.39	8.39
iv. Other timing differences		0.77	1.01
	<b>TOTAL</b>	<b>313.39</b>	<b>426.16</b>
<b>b. Deferred Tax Asset:</b>			
i. Provision for doubtful debts/claims/advances		11.95	16.49
ii. Provision for obsolescence of stores		4.14	9.65
iii. Provision for diminution in value of investments		7.07	12.37
iv. Expenditure allowable on payment basis		62.22	92.91
v. MAT Credit		–	6.01
vi. Other timing differences		31.07	8.40
	<b>TOTAL</b>	<b>116.45</b>	<b>145.83</b>
	<b>NET DEFERRED TAX LIABILITY</b>	<b>196.94</b>	<b>280.33</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

		₹ Crore	
NOTE NO. 23	“OTHER LIABILITIES”	AS AT 31.03.2020	AS AT 31.03.2019
<b>I NON CURRENT</b>			
<b>Others</b>			
	i. Advance rent Received	23 A	4.44
	ii. Government Grants	23 B	0.98
	iii. Deferred Deposit		33.69
<b>TOTAL OTHER NON CURRENT LIABILITIES (I)</b>		<b>39.11</b>	<b>38.28</b>
<b>II CURRENT</b>			
<b>(a) Revenue received in advance</b>			
	Income received in advance from Customers		48.40
<b>(b) Other Advances</b>			
	Retention money		12.50
<b>(c) Other Liabilities:</b>			
	i. Advance Rent Received	23 A	2.55
	ii. Government Grants	23 B	0.30
	iii. Deferred Deposit		4.59
	iv. Statutory Dues:		
	a. Withholding taxes		13.08
	b. GST Payable		–
	v. Others		0.09
		<b>20.61</b>	<b>20.34</b>
<b>TOTAL OTHER CURRENT LIABILITIES (II)</b>		<b>81.51</b>	<b>72.82</b>

		₹ Crore	
NOTE NO. 23A	“ADVANCE RENT RECEIVED”	AS AT 31.03.2020	AS AT 31.03.2019
	At at 1st April	9.54	12.34
	Received / (Repaid) during the year	–	(0.46)
	Released to the statement of profit and loss	2.55	2.34
<b>As at 31st March</b>		<b>6.99</b>	<b>9.54</b>
	Current	2.55	2.55
	Non-current	4.44	6.99

		₹ Crore	
NOTE NO. 23B	“GOVERNMENT GRANTS”	AS AT 31.03.2020	AS AT 31.03.2019
	At at 1st April	1.60	1.41
	Received / (Repaid) during the year	–	0.49
	Released to the statement of profit and loss	0.32	0.30
<b>As at 31st March</b>		<b>1.28</b>	<b>1.60</b>
	Current	0.30	0.32
	Non-current	0.98	1.28



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

NOTE NO. 24	“CURRENT LIABILITIES” “FINANCIAL LIABILITIES – BORROWINGS”	₹ Crore	
		AS AT 31.03.2020	AS AT 31.03.2019
<b>(a) Loans Repayable on Demand</b>			
<b>I. Secured</b>			
<b>a. From Banks*</b>			
i. Cash Credit		82.00	18.54
ii. Working Capital Demand Loan		1230.66	2398.17
(includes Rupee Loans amounting to ₹ 910.66 crore (P.Y. ₹ 788.17 crore) from Punjab National Bank under Special Banking Arrangement against the subsidy receivables on Urea and P&K Fertilizers from Govt of India. The Bank has charged interest at 6.15% per annum which is totally payable by Govt. of India (PY 8.20% out of which 7.72% pa paid by Govt of India directly to the Bank). ₹ 0.04 crore pertaining to SBA of year 2018-19 (PY ₹ 0.16 crore) has been charged as interest expense in the statement of Profit and Loss. This loan is secured by hypothecation of subsidy receivables upto ₹ 910.66 crore (PY ₹ 788.17 crore) from Govt. of India. This loan is repayable within 60 days.			
	<b>Total Secured</b>	<b>1312.66</b>	<b>2416.71</b>
<b>II. Unsecured:</b>			
<b>a. From Banks</b>			
i. Foreign currency loans from banks-Buyers Credit **		215.21	118.76
ii. Rupee loans		1349.00	–
		1564.21	118.76
<b>b. Other Loans</b>			
Commercial Paper ***		1200.00	350.00
	<b>Total Unsecured</b>	<b>2764.21</b>	<b>468.76</b>
	<b>TOTAL</b>	<b>4076.87</b>	<b>2885.47</b>

\*Cash Credit and Working Capital Demand Loan from banks carrying interest in the range of 7.00% to 8.55% per annum are secured by hypothecation of entire Company’s current assets including all stocks, book debts and other moveable assets, both present and future.

\*\*Unsecured Foreign Currency Loans from Banks are in the form of Buyers Credit and carry interest in the range of 2.00% to 3.00% per annum. These loans are repayable within 180 days.

\*\*\*Unsecured Commercial Papers carry interest in the range of 5.48% to 7.55% per annum. The outstanding commercial papers are repayable by June 2020.

NOTE NO. 25	“CURRENT LIABILITIES” “FINANCIAL LIABILITIES – TRADE PAYABLES”	₹ Crore	
		AS AT 31.03.2020	AS AT 31.03.2019
<b>Trade Payables (including Acceptances)*</b>			
(A) Outstanding dues of micro enterprises and small enterprises		36.81	24.67
(B) Outstanding dues of creditors other than micro enterprises and small enterprises		959.92	1129.13
	<b>TOTAL</b>	<b>996.73</b>	<b>1153.80</b>

Trade payables are normally non-interest bearing and are usually settled within 30-days from the date of receipt of invoice unless they are contracted with specific credit terms as applicable.

\* Acceptances include arrangements where operational suppliers of goods and services are initially paid by banks while the Company continues to recognise the liability till settlement with the banks which are normally effected within a period of 180 days amounting to ₹ 48.51 crores (P.Y. ₹ 65.06 crores)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

		₹ Crore	
NOTE NO. 26	“CURRENT LIABILITIES” “FINANCIAL LIABILITIES – OTHER FINANCIAL LIABILITIES”	AS AT 31.03.2020	AS AT 31.03.2019
i.	Current maturities of long term debt (Refer Note No. 18)	145.24	151.12
ii.	Interest accrued but not due on borrowings	3.74	7.44
iii.	Unclaimed dividend *	0.87	0.88
iv.	Creditors on Capital Account	76.61	51.10
v.	Standing Deposit from Customers	45.55	47.33
vi.	Trade Deposit from Customers	73.88	76.45
vii.	Earnest Money Deposit & Security Deposit from Vendors	78.62	56.11
viii.	Other Payables - Tie ups	7.84	6.72
ix.	Ex-gratia & employee benefits	48.22	48.87
x.	Derivatives not designated as Hedges (MTM loss payable)	–	5.16
xi.	ROU Lease Liability	1.97	–
<b>TOTAL</b>		<b>482.54</b>	<b>451.18</b>

\* No amounts are due & payable to Investor Education & Protection Fund

		₹ Crore	
NOTE NO. 27	“CURRENT LIABILITIES” “PROVISIONS”	AS AT 31.03.2020	AS AT 31.03.2019
Provision for Employee Benefits			
i.	Leave Salary Encashment	99.32	111.32
ii.	Post Retirement Medical Benefits	7.13	6.10
iii.	Ex-gratia / Gratuity Payable	16.53	24.37
iv.	Payable to Provident Fund	19.07	–
v.	Long Service Award	0.09	0.04
<b>TOTAL</b>		<b>142.14</b>	<b>141.83</b>

		₹ Crore	
NOTE NO. 28	“CURRENT LIABILITIES” “CURRENT TAX LIABILITIES NET”	AS AT 31.03.2020	AS AT 31.03.2019
Provision for Taxation less Advance tax			
<b>TOTAL</b>		<b>53.25</b>	<b>–</b>





**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

		₹ Crore	
NOTE NO. 29	“REVENUE FROM OPERATIONS”	Year Ended 31.03.2020	Year Ended 31.03.2019
<b>1. Sales</b>			
<b>A. Manufactured Products</b>	29A		
Fertilizers		2369.57	2214.11
Industrial Products		660.94	955.16
		<b>3030.51</b>	<b>3169.27</b>
<b>B. Bought-out Products</b>	29A		
Fertilizers		642.74	252.85
	<b>Net Sales</b>	<b>3673.25</b>	<b>3422.12</b>
<b>2. Other Operating Revenues</b>			
Subsidy on Urea & Complex Fertilizers	29B	6000.73	5447.18
Sale of Scrap		1.87	3.46
Management Fees -For Services rendered		10.67	9.65
Margin on Tie- ups		11.43	3.06
	<b>TOTAL</b>	<b>6024.70</b>	<b>5463.35</b>
<b>Revenue from Operations</b>		<b>9697.95</b>	<b>8885.47</b>

\*Subsidy includes ₹ 320.33 crore (P.Y. ₹ 48.13 crore) in respect of earlier years, determined during the year

		₹ Crore	
NOTE NO. 29A	“SALES - PRODUCT WISE BREAK-UP”	Year Ended 31.03.2020	Year Ended 31.03.2019
<b>1 Manufactured</b>			
<b>A. Fertilizers</b>			
Urea			
Suphala 15 : 15 : 15		1119.48	943.82
Urea / Neem coated Urea		1216.55	1235.89
Others		33.54	34.40
		<b>2369.57</b>	<b>2214.11</b>
<b>B. Industrial Products</b>			
Ammonia		123.41	240.84
Methylamines		72.47	89.15
Ammonium Nitrate Melt		249.73	296.10
Others		208.37	329.07
		<b>660.94</b>	<b>955.16</b>
<b>2 Bought-out Products</b>			
Imported Di Ammonium Phosphate		350.61	122.90
Imported Muriate of Potash		155.46	3.88
Imported NPK 10:26:26		122.48	114.94
Others		14.19	11.13
		<b>642.74</b>	<b>252.85</b>
	<b>TOTAL</b>	<b>3673.25</b>	<b>3422.12</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

		₹ Crore	
NOTE NO. 29B	“SUBSIDY ON UREA & COMPLEX FERTILIZERS”	Year Ended 31.03.2020	Year Ended 31.03.2019
<b>1. Manufactured Fertilizers</b>			
Price		5250.17	4839.17
Freight		443.47	487.95
		5693.64	5327.12
<b>2. Bought-out Fertilizers</b>			
Price		265.44	96.10
Freight		41.65	23.96
		307.09	120.06
	<b>TOTAL</b>	<b>6000.73</b>	<b>5447.18</b>

		₹ Crore	
NOTE NO. 30	“OTHER INCOME”	Year Ended 31.03.2020	Year Ended 31.03.2019
<b>1. Interest Income</b>			
On Loans to Employees		0.08	0.13
On Deposits with Bank and Others		3.42	3.48
On Income Tax Refund		2.68	5.11
On Sales Tax Refund		–	4.74
From Customers		3.71	3.39
From Others (includes ₹ 30.94 crore dues of DOF)		31.52	0.92
	<b>TOTAL</b>	41.41	17.77
<b>2. Dividend Income</b>		0.20	0.32
<b>3. Other Income</b>			
Profit on sale of fixed assets (Net)		0.10	2.83
Bad debts recovered		2.16	1.76
Rent received, recovery of electricity etc.		39.74	33.38
Lease compensation of railway siding		0.21	0.21
Government Grants (Refer Note No. 23B)		0.32	0.30
Amortisation of Deferred Deposits		6.13	4.79
Miscellaneous Income		38.40	20.64
		87.06	63.91
Less: Transfer to Research and Development Expenses (Refer Note No. 37C)		(0.02)	(0.01)
	<b>TOTAL</b>	<b>128.65</b>	<b>81.99</b>

		₹ Crore	
NOTE NO. 31	“COST OF MATERIALS CONSUMED”	Year Ended 31.03.2020	Year Ended 31.03.2019
Raw Materials	31A	3671.08	3767.90
Packing Materials		105.15	112.11
Less : Transferred to Research & Development (Refer Note No. 37C)		(0.01)	–
	<b>TOTAL</b>	<b>3776.22</b>	<b>3880.01</b>



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

		₹ Crore	
NOTE NO. 31A	“ITEMWISE BREAKUP OF MATERIALS CONSUMED”	Year Ended 31.03.2020	Year Ended 31.03.2019
<b>RAW MATERIALS</b>			
	Rock Phosphate	74.08	67.73
	Di-Ammonium Phosphate	7.49	–
	Mono-Ammonium Phosphate	306.58	337.10
	Muriate of Potash	316.03	264.66
	Natural Gas	2873.76	3000.97
	Others	93.14	97.44
	<b>SUB TOTAL</b>	<b>3671.08</b>	<b>3767.90</b>
	Less : Transferred to Research and Development (Refer Note No. 37C)	(0.01)	–
	<b>TOTAL</b>	<b>3671.07</b>	<b>3767.90</b>

		₹ Crore	
NOTE NO. 32	“PURCHASES OF STOCK IN TRADE”	Year Ended 31.03.2020	Year Ended 31.03.2019
	Imported Di Ammonium Phosphate	166.09	429.02
	Imported Muriate of Potash	10.00	212.17
	NPK 10:26:26	137.90	143.73
	Others	18.64	13.23
	<b>SUB TOTAL</b>	<b>332.63</b>	<b>798.15</b>
	<b>Less: Transferred to Plant for internal consumption</b>		
	Imported DAP / MOP	(38.20)	–
	<b>TOTAL</b>	<b>294.43</b>	<b>798.15</b>

		₹ Crore	
NOTE NO. 33	“CHANGES IN INVENTORIES OF FINISHED GOODS & STOCK IN TRADE”	Year Ended 31.03.2020	Year Ended 31.03.2019
<b>Opening Stock</b>			
	Finished Goods	387.72	278.96
	Intermediary Products	35.41	33.57
	By-Products	4.42	7.02
	Stock in trade	497.53	0.26
	<b>SUB-TOTAL</b>	<b>925.08</b>	<b>319.81</b>
<b>Closing Stock</b>			
	Finished Goods	283.83	387.72
	Intermediary Products	28.90	35.41
	By-Products	5.77	4.42
	Stock in trade	3.33	497.53
	<b>SUB-TOTAL</b>	<b>321.83</b>	<b>925.08</b>
	<b>TOTAL</b>	<b>603.25</b>	<b>(605.27)</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

		₹ Crore	
NOTE NO. 33A	“OPENING STOCK - PRODUCT WISE BREAK-UP”	Year Ended 31.03.2020	Year Ended 31.03.2019
<b>Finished Goods</b>			
<b>1. Manufactured</b>			
<b>A. Fertilizers</b>			
	Urea (Trombay)	22.63	32.50
	Urea (Thal)	172.13	147.53
	Complex Fertilizers	170.14	77.48
	Others	16.40	19.92
<b>B. Industrial Products</b>			
	Methanol	1.44	0.03
	Concentrated Nitric Acid	0.20	0.10
	Ammonium Bi-carbonate	0.27	0.21
	Sodium Nitrate	0.51	0.25
	Sodium Nitrite	0.57	0.36
	Methylamines	0.93	0.38
	Ammonium Nitrate Melt	0.02	0.02
	Dimethyl Acetamide	1.71	0.03
	Argon Gas / Liquid	0.69	0.06
	Formic Acid	0.07	0.08
	Others	0.01	0.01
		387.72	278.96
<b>2. Bought-out Products</b>			
<b>Fertilizers</b>			
	Imported Di Ammonium Phosphate	276.90	0.05
	Imported Muriate of Potash	212.17	–
	Imported NPK 20:20:0	8.46	–
	Sulphate of Potash	–	0.11
	Others	–	0.10
		497.53	0.26
<b>TOTAL</b>		<b>885.25</b>	<b>279.22</b>

		₹ Crore	
NOTE NO. 33B	“CLOSING STOCK - PRODUCT WISE BREAK-UP”	Year Ended 31.03.2020	Year Ended 31.03.2019
<b>Finished Goods</b>			
<b>1. Manufactured</b>			
<b>A. Fertilizers</b>			
	Urea (Trombay)	46.26	22.63
	Urea (Thal)	130.17	172.13
	Complex Fertilizers	87.24	170.14
	Others	15.92	16.40
<b>B. Industrial Products</b>			
	Methanol	0.12	1.44
	Concentrated Nitric Acid	0.24	0.20
	Ammonium Bi-carbonate	–	0.27
	Sodium Nitrate	0.22	0.51
	Sodium Nitrite	0.02	0.57



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

		₹ Crore	
NOTE NO. 33B	“CLOSING STOCK - PRODUCT WISE BREAK-UP”	Year Ended 31.03.2020	Year Ended 31.03.2019
	Methylamines	1.03	0.93
	Ammonium Nitrate Melt	0.02	0.02
	Dimethyl Acetamide	0.08	1.71
	Argon Gas / Liquid	0.39	0.69
	Formic Acid	0.95	0.07
	Others	–	0.01
		<b>283.83</b>	<b>387.72</b>
<b>2.</b>	<b>Bought-out Products</b>		
	<b>Fertilizers</b>		
	Imported Di Ammonium Phosphate	1.55	276.90
	Imported Muriate of Potash	0.77	212.17
	Imported NPK 20:20:0	0.09	8.46
	Others	0.92	–
		<b>3.33</b>	<b>497.53</b>
	<b>TOTAL</b>	<b>287.16</b>	<b>885.25</b>
		₹ Crore	
NOTE NO. 34	“EMPLOYEE BENEFITS EXPENSE”	Year Ended 31.03.2020	Year Ended 31.03.2019
	Salaries, Wages and Bonus	520.90	494.11
	Contribution to Provident Fund and other funds	69.51	50.27
	Contribution to Gratuity Fund	8.41	25.40
	Workmen and Staff Welfare Expenses	52.40	51.68
		<b>651.22</b>	<b>621.46</b>
	Less: Transferred to Research and Development ( Refer Note No. 37C)	(1.97)	(2.31)
	Share recoverable from Thal Ammonia Extension and Others	(31.99)	(27.74)
		<b>(33.96)</b>	<b>(30.05)</b>
	<b>TOTAL</b>	<b>617.26</b>	<b>591.41</b>
		₹ Crore	
NOTE NO. 35	“FINANCE COSTS”	Year Ended 31.03.2020	Year Ended 31.03.2019
i.	Interest		
a.	Term Loans-From Banks	29.30	34.24
b.	Working capital from Banks	168.07	95.03
c.	Other loans and deposits	5.99	11.34
ii.	Interest on Deferred deposits	5.36	4.31
iii.	Other Borrowing & Finance Costs	1.55	0.80
iv.	Exchange differences regarded as an adjustment to borrowing costs; and	26.65	10.13
v.	Interest Expense ROU Asset	0.90	–
	<b>TOTAL</b>	<b>237.82</b>	<b>155.85</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

		₹ Crore	
NOTE NO. 36	“DEPRECIATION AND AMORTISATION EXPENSES / IMPAIRMENT”	Year Ended 31.03.2020	Year Ended 31.03.2019
i.	Depreciation on Property Plant and Equipment	167.34	154.73
ii.	Impairment reversal on Property Plant and Equipment	2.86	–
iii.	Depreciation on Investment Property	0.19	0.16
iv.	Amortisation on Intangible Assets	0.99	1.14
	Total Depreciation / Amortisation Impairment provided during the year	171.38	156.03
	Less : Under Research and Development (Refer Note No. 37 C)	(0.34)	(0.34)
	<b>As reported under Statement of Profit &amp; Loss:</b>	<b>171.04</b>	<b>155.69</b>

		₹ Crore	
NOTE NO. 37	“OTHER EXPENSES”	Year Ended 31.03.2020	Year Ended 31.03.2019
	Stores and Spares	34.20	33.77
	Power and fuel	2758.87	2694.99
	Water Charges	62.18	68.06
	Repairs and Maintenance 37A	133.11	124.96
	Freight and Handling Charges	689.43	687.05
	Rent	16.70	12.15
	Rates and Taxes	16.00	19.02
	Insurance	27.50	10.08
	Miscellaneous Expenses 37B	85.55	129.91
	Less: Transferred to Research & Development Expenses (Refer Note No. 37C)	(0.06)	(0.18)
	<b>TOTAL</b>	<b>3823.48</b>	<b>3779.81</b>

		₹ Crore	
NOTE NO. 37A	“REPAIRS AND MAINTENANCE”	Year Ended 31.03.2020	Year Ended 31.03.2019
	Plant and Machinery	93.74	86.74
	Buildings	21.16	19.75
	Other Assets	18.52	18.58
		133.42	125.07
	Less: Transferred to Research & Development Expenses (Refer Note No. 37C)	(0.31)	(0.11)
	<b>TOTAL</b>	<b>133.11</b>	<b>124.96</b>

		₹ Crore	
NOTE NO. 37B	“MISCELLANEOUS EXPENSES”	Year Ended 31.03.2020	Year Ended 31.03.2019
	Security expenses-Factory and Others	49.10	43.54
	Electricity Charges-Township and Offices	7.94	7.40
	Advertisement	0.76	1.74
	Bank Charges	1.43	1.01
	Promotion and Publicity	5.20	5.68
	Hire Charges for vehicles	3.82	4.69
	Travelling expenses	4.20	3.58
	Entertainment Expenses	0.05	0.03

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

		₹ Crore	
NOTE NO. 37B	“MISCELLANEOUS EXPENSES”	Year Ended 31.03.2020	Year Ended 31.03.2019
	37C		
Research and Development expenses		5.06	3.20
Loss on Fixed Assets Sold /Discarded		3.31	0.94
Losses/ Damages and other amounts written off		0.76	–
Foreign exchange Loss/(Gain)		(0.52)	24.54
Corporate Social Responsibility expenses		3.42	3.88
Provision for Doubtful Debts/ Claims/ Advances		4.73	24.58
Provision for obsolescence of stores		3.29	5.41
Bad debts written off		0.00	2.89
Provision of earlier years no longer required		(6.24)	(5.66)
Liabilities for expenses no longer required		(10.79)	(23.47)
Recovery of share of common expenses		(32.64)	(22.02)
Other expenses **		42.67	47.95
	<b>TOTAL</b>	<b>85.55</b>	<b>129.91</b>

\*\* Includes Directors' sitting fees C.Y. ₹ 18,95,000, P.Y. ₹ 16,50,000

		₹ Crore	
NOTE NO. 37C	“RESEARCH & DEVELOPMENT EXPENSES”	Year Ended 31.03.2020	Year Ended 31.03.2019
Salaries and Staff Welfare Expenses		1.97	2.31
Repairs and Maintenance		0.31	0.11
Depreciation		0.34	0.34
Direct Research Expenditure		2.39	0.27
Other Expenses		0.04	0.12
Handling charges		0.02	0.06
Materials Consumed		0.01	–
	<b>SUB TOTAL</b>	<b>5.08</b>	<b>3.21</b>
Less: Transferred from Other Income		(0.02)	(0.01)
	<b>TOTAL</b>	<b>5.06</b>	<b>3.20</b>

		₹ Crore	
NOTE NO. 38	“EXCEPTIONAL ITEMS”	Year Ended 31.03.2020	Year Ended 31.03.2019
Fair valuation (Gain) / Loss - Transferable Development Right		100.17	(23.44)
	<b>TOTAL</b>	<b>100.17</b>	<b>(23.44)</b>

(Refer Note No. 59)

		₹ Crore	
NOTE NO. 39	“OTHER COMPREHENSIVE INCOME”	Year Ended 31.03.2020	Year Ended 31.03.2019
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of defined benefit plans		(18.54)	(3.79)
Fair Value Equity instruments (IPL Shares)		2.27	12.61
		(16.27)	8.82
Less: Income tax / Deferred tax relating to above items		10.90	(3.07)
	<b>TOTAL</b>	<b>(5.37)</b>	<b>5.75</b>

**EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH 2020**

		₹ Crore	
NOTE NO. 40	“DISCLOSURE OF FINANCIAL ASSETS AND LIABILITIES AS PER IND AS 107”	AS AT 31.03.2020	AS AT 31.03.2019
<b>I) FINANCIAL ASSETS</b>			
a. BREAKUP OF FINANCIAL ASSETS AT FAIR VALUE THOROUGH OCI			
	Investments - fully paid shares	72.26	69.99
	<b>TOTAL</b>	<b>72.26</b>	<b>69.99</b>
b. BREAKUP OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT & LOSS			
	Derivatives not designated as hedges	2.67	0.14
	Transfer Development Rights	31.23	–
	<b>TOTAL</b>	<b>33.90</b>	<b>0.14</b>
c. BREAKUP OF FINANCIAL ASSETS CARRIED AT AMORTISED COST			
	Loans	27.03	26.28
	Others Financial Assets	1652.53	43.74
	Trade Receivables	4551.23	4552.54
	Cash and Cash Equivalents	2.07	3.59
	Other Bank Balances	1.29	1.27
	<b>TOTAL</b>	<b>6234.15</b>	<b>4627.42</b>
d. BREAKUP OF FINANCIAL ASSETS CARRIED AT COST			
	Investments - Joint ventures	152.28	10.14
	<b>TOTAL</b>	<b>152.28</b>	<b>10.14</b>
	<b>TOTAL FINANCIAL ASSETS</b>	<b>6492.59</b>	<b>4707.69</b>
<b>II) FINANCIAL LIABILITIES</b>			
a. BREAKUP OF FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT & LOSS			
	Derivative not designated as hedges	–	5.16
	<b>TOTAL</b>	<b>0.00</b>	<b>5.16</b>
b. BREAKUP OF FINANCIAL LIABILITIES CARRIED AT AMORTISED COST			
	Borrowings	4677.78	3310.58
	Trade Payables	1208.52	1365.59
	Deposit from Employees	0.01	0.01
	Current maturities of long term debt	145.24	151.12
	Interest accrued but not due on borrowings	3.74	7.44
	Unclaimed dividend	0.87	0.88
	Creditors on Capital Account	76.61	51.10
	Standing Deposit from Customers	45.55	47.33
	Trade Deposit from Customers	73.88	76.45
	Earnest Money Deposit & Security Deposit from Vendors	113.06	99.82
	Ex-gratia & employee benefits	48.22	48.87
	Other Payables - Tie ups	7.84	6.72
	ROU Lease Liability	11.41	–
	<b>TOTAL</b>	<b>6412.73</b>	<b>5165.91</b>
	<b>TOTAL FINANCIAL LIABILITIES</b>	<b>6412.73</b>	<b>5171.07</b>

The above referred carrying values of Financial Assets and Liabilities approximate its fair value as at the balance sheet date



## EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH 2020

### 41. Contingent Liabilities not provided for:

41.1 Claims against the Company not acknowledged as debts to the extent ascertainable (Interest cannot be estimated reliably) and not provided for net of payment/liability provided:-

Sr. No	Particulars	₹ Crore	
		As at 31.03.2020	As at 31.03.2019
1	<b>Invoices/ debit notes and claims raised by GAIL(India ) Ltd.</b>		
a	Increased gas transmission charges for ONGC pipeline. Stay order obtained from Mumbai High Court and directed to resolve through arbitration.	64.30	64.30
b	Levy of Market priced gas differential for use of APM/Domestic Gas for Non-fertilizer Non-Urea operations (Refer Note no. 49)	1231.05	1231.05
c	For non-submission for FICC certified gas utilization data	39.39	39.39
	<b>Sub total</b>	<b>1334.74</b>	<b>1334.74</b>
2	<b>Claims on the Company not acknowledged as debts by Contractors / Suppliers/ Arbitrators etc.</b>	81.83	84.74
3	<b>Demands raised by various authorities that may arise in respect of matters in appeal</b>		
	Excise Duty (D) (Refer note no 41.1.1)	67.49	28.38
	Excise Duty (S)	20.10	29.87
	Sales Tax	6.45	5.46
	Income Tax	20.08	18.95
	Service Tax (D)	7.24	31.25
	Service Tax (S)	5.59	7.36
	Custom Duty (D)	80.93	80.93
	Custom Duty (secured by Bank Guarantee))(Refer note no 41.1.2)	25.62	25.62
4	Water charges claimed by Municipal Corporation of Greater Mumbai (Refer note no 41.1.3)	38.79	36.86
5	Claims preferred by local authorities	8.37	8.37
	<b>GRAND TOTAL</b>	<b>1697.23</b>	<b>1692.53</b>

(D) – Demands raised / (S) – Show cause notice issued.

41.1.1 Includes an amount of ₹ 24.82 crore (P.Y. ₹ 24.82 crore) towards duty, interest and penalty relating to purchase of Naphtha at concessional rate of excise duty for the purposes other than mentioned in the exemption notification for the period November-1996 to October-2005. The demand for the period upto February-2005 for ₹ 21.28 crore (P.Y. ₹ 21.28 crore) has been appealed against by the Company and the matter is resting with the Honorable Supreme Court, which is yet to be heard. For the balance demand pertaining to subsequent period ( i.e March 2005), amounting to ₹ 3.54 crore order has been stayed by CESTAT, which has been appealed by the department to High Court. Pending hearing, no provision is considered necessary.

41.1.2 The demand of duty is secured by Bank Guarantees amounting to ₹ 29.07 crore and the Company has filed an appeal against the same before the bench of CESTAT, which was heard during the year and favorable order is expected. Hence no provision is considered.

41.1.3 Demand of ₹ 33.48 crore raised by Municipal Corporation of Greater Mumbai (BMC) towards additional sewerage charges levied from 5-4-1987 are disputed by the Company in a Writ Petition filed in Bombay High Court. The Honorable High Court vide its interim Order dated 10-11-92 has granted stay on recovery of the demand for the period up to the date of the Order and directed the Company to pay sewerage charges from the date of the order which is being paid by the Company. The matter has been disposed off by the High Court and the Company approached Supreme Court. Supreme Court has now directed the Bombay High Court to hear the matter and decide on merits based on facts of the case. The Stay granted on the said matter continues

As a part of an agreement entered into with BMC for obtaining raw sewerage, the Company has paid an interest free deposit of ₹ 16.00 crore to BMC representing approximately 50% of the disputed demand which would be adjustable against the disputed demand in case the Court rules in favor of BMC. No provision is considered necessary for the disputed demand of ₹ 33.48 crore as the claim of BMC is not tenable.

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- 41.1.4 With reference to additional demand received as per orders of Sub Divisional Officer (SDO) Mumbai Suburban District and as revised by Tahsildar, towards Non Agriculture (NA) Tax and 100% Increase in Land Revenue (ILR), Company has recognized a liability of ₹ 22.00 crore in earlier years, against which ₹ 21.48 crore has been paid. As per the notices received, Company may also be subjected to pay additional NA tax and ILR for any future revision in the same. Company has been advised by its solicitors to appeal against the said demand as the same is not tenable.
- 41.1.5 Owing to non-compliance of Corporate Governance requirements as mandated by SEBI, with reference to composition of Independent Directors in the Board and appointment of Woman Independent Director, Company is in receipt of notice of penalty aggregating to ₹ 0.76 crore from the stock exchanges (BSE & NSE). Since the appointment of Directors is done by Government of India, Company had approached its Administrative Ministry for ensuring the compliance and has also approached the stock exchanges for condonation/waiver of the penalty. Company is confident that this penalty notice would be waived.
- 41.2 The amount of claims in respect of legal cases filed against the Company for labour matters relating to regular employees and not acknowledged as debts is not ascertainable.
- 41.3 In respect of clause 41.1 to 41.2 above, it is not practicable for the Company to estimate the closure of these issues and the consequential timing of cash flows, if any.

### 42. Capital Commitments (Net of Advances):

Particulars	₹ Crore	
	As at 31.03.2020	As at 31.03.2019
Capital Expenditure Commitments	56.34	659.43
Commitment Towards Investments in JV ( Talcher Fertilizers Ltd.)	1024.69	–

### 43. Disclosures relating to Finance Lease:

Relating to 416 Wagons leased to Indian Railways “Under Own your Wagons Scheme”

Particulars	₹ Crore	
	Year ended 31.03.2020	Year ended 31.03.2019
<b>Minimum Lease Payments</b>		
Not Later than one year	–	0.35
Later than one year but not later than 5 years	–	–
Later than 5 years	–	–
<b>Total</b>	–	<b>0.35</b>
Amount representing finance income earned during the year	0.01	0.08
Adjusted Against Lease Receivable during year	0.34	0.62
<b>Total</b>	<b>0.35</b>	<b>0.70</b>
<b>Present Value of MLP</b>		
Not Later than one year	–	0.34
Later than one year but not later than 5 years	–	–
Later than 5 years	–	–
<b>Total</b>	–	<b>0.34</b>
<b>Unearned Finance Income</b>	–	<b>0.01</b>
<b>Expected Credit Loss on above</b>	<b>NIL</b>	<b>NIL</b>

The lease agreement with Railways has expired during the year and action has been initiated for renewal of the same. As the wagons are still in the custody of Railways, Company has recognized revenue of ₹ 0.35 crore for the period after completion of finance lease based on the minimum lease rentals expected to be negotiated with Railways. As the terms of lease are yet to be finalized the said transaction is now treated as Short-term Operating Lease.

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44. Formalities relating to transfer of certain immovable and other properties from Fertilizer Corporation of India Limited to the Company on reorganization of the former in 1978 are not yet completed. Out of property cards for a total area of 30,44,530 Sq. meters (P.Y. 30,89,013 Sq. meters), property cards for 3,78,321 Sq. meters (P.Y. 3,78,321 Sq. meters) are yet to be transferred in the name of the Company. The Company is in the process of transferring the title deeds.
45. Out of total area of 50,52,476 Sq. meters area at Thal Unit, the title deeds relating to area of 32,27,573 Sq. meters (P.Y. 32,27,543 Sq. meters) area are in the name of the Company. The balance title deeds w.r.t 18,24,903 Sq meter of land are in the process of being transferred in the name of Company. The capitalization of Freehold land at Thal Unit includes land at Kihim having carrying cost of ₹ 0.02 crore, pending execution of documents and transfer of title deeds in the name of Company, due to dispute.
46. Balance of subsidy receivables and tax refund from Government authorities are subject to confirmation. Some of the balances of trade Payables, current liabilities and loans and advances are subject to confirmation / reconciliation and consequential adjustments if any. In the opinion of the management, such adjustments would not be material.
47. The Company is eligible to receive subsidy from Fertilizer Industry Co-Ordination Committee (FICC) / Department of Fertilizers (DOF) on Urea, Phosphatic and Potassic (P & K) Fertilizers at the rates notified from time to time. Subsidy is further adjusted for escalations/de-escalations in the cost of inputs and other costs, as estimated by the management based on the prescribed norms in line with known policy parameters. Accordingly the subsidy adjusted on account of this escalations/de-escalations basis for the year amounts to ₹ 95.74 crore refundable to FICC/DOF (PY ₹ 423.49 crore receivable). Further considering the notification issued by DoF dated 31st March 2020, removing the ambiguity in respect of eligible compensation of fixed costs effective from 2nd April, 2014 under Modified NPS III, Company has recognized subsidy income based on the assessment of its eligibility and also provided for certain anticipated recoveries by DoF towards final adjustments of subsidy on NPK fertilizers and other subsidy receivables, recognized earlier on estimated basis, being doubtful of settlement. The net impact of the same works out to ₹ 342.92 crores receivable from FICC/DoF.
48. The matter relating to the issue of unintended benefits accruing to units using domestic gas for manufacture of nutrient “N” has been referred and is pending before an Inter-Ministerial Committee (IMC) of Government of India (GoI). It is expected that a decision on the matter would be taken soon by the IMC. Initially subsidy amounting to ₹ 198.94 Crore was withheld by DOF, which has been released in full upon submission of its claims along with bank guarantee for equivalent amount by the Company.
49. Consequent to Gas pooling being made applicable to Fertilizer (Urea) sector w.e.f. June 1, 2015, it is expected that a differential pricing of gas may be made applicable for non-urea usage. Company has represented to DoF for maintaining supply of domestic gas for P&K fertilizers and chemicals. Ministry of Petroleum & Natural Gas (MoPNG) vide its order No. L-13013/3/2012-GP-I, dated: December 16, 2015 has directed GAIL (India) Limited to levy a higher gas price (i.e. the highest rate of RLNG used for production of urea) for gas consumed in non-urea operations. As the matter relating to the same is pending before the IMC for decision, the Company has represented that any decision on the same be taken only upon the issue being settled by the IMC of GoI. However, pending finalization of price payable as per the said letter, Company is recognizing liability based on the difference between domestic gas price and pool / market price of gas for its non-urea operations. The difference is provided considering domestic gas first for urea operations on cumulative basis for the year and the balance if any, for non-urea operations. Accordingly, there is no impact for the year ended March 31, 2020. The Company has recognized a liability of ₹ 211.79 Crore for the period commencing from June 1, 2015 to March 31, 2020 (₹ 211.79 Crore upto March 31, 2019) on this account.

The Company has entered into a contract for procurement of market priced gas for non-urea operations at Trombay unit, effective from May 16, 2016.

## EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH 2020

Pursuant to the said order, GAIL has sought a differential levy amounting to ₹ 1442.84 Crore for the period commencing from July 1, 2006 till March 31, 2017 and has initiated arbitration proceedings towards non-payment of the same. The Company has represented this matter to Department of Fertilizers for dispute resolution as the matter relating to the same is pending before the IMC of GoI. The said matter has been referred to Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD).

50. On 20th and 22nd March, 2019 respectively, both the Gas Turbine Generator (GTG) plants at Thal unit stopped operating. Upon failure the matter, was taken up with the LSTK contractor who had supplied the turbines for repair as the same were covered under warranties. The matter was referred by the LSTK contractor for repairs to the Original Equipment Manufacturer (OEM) who had indicated a total estimated expenditure of about 98 Million SEK (₹ 74.51 crore excluding taxes and duties).

In the best interests of the Company, based on the acceptance of Notice to Proceed as proposed by the LSTK contractor, the equipments have been sent for repair to the foreign Original Equipment Manufacturer(OEM) and which yet to be received back as at the Balance Sheet date. As per the Notice to proceed, the final settlement of the repair costs can either be decided mutually and in the event not agreed upon the settlement of disputes clause as per contract can be invoked.

As the equipments are covered under warranties, the Company is of the view that no additional costs would devolve on the Company. Further the Company has initiated arbitration proceedings towards the LSTK contractor citing loss of profits owing to higher energy costs, higher maintenance costs etc.

In the meanwhile, the Company has procured a Gas generator and commissioned a Gas Turbine Generator plant in August 2019 to mitigate future losses.

51. Pending finalization of accounts of the Company's Employees Provident Fund Trust, the investments held by the Trust amounting to ₹ 92.64 crore have become doubtful as at 31st March 2020 owing to defaults with respect to payment of principal and interest warranting provision towards the same. The same will have to be made good by the Company, as principal employer, in the event there are no adequate assets of the Trust to meet its liabilities as per EPFO Act..

However as per Ind AS 19, for Defined Benefit plans, Company is required to ascertain the present value of the defined benefit obligation and compare with the fair values of the Plan assets to determine the surplus or deficit, if any, as at Balance Sheet date. Deficit, if any, needs to be accounted in the books of the Company. Accordingly, Company has recognized an amount of ₹.19.07 crore as contribution to Trust owing to such deficit.

52. **Based on the nature of business activities undertaken by the Company and requirement of IND AS 108, following are the operating segments identified**

Segment	Nature of activities
Fertilizers	Production and supply of various grades of Fertilizers for agricultural use.
Chemicals	Production of various chemicals and supply to diverse industries
Trading	Represents fertilizers imported / locally sourced and marketed for agricultural use.

The necessary disclosures as required under IND AS 108 are given in **Annexure-1**.

The segment revenue and segment results are arrived at based on the revenues generated out of sale of such products and the costs attributable are reduced for arriving at the segment results. Assets are allocated to operating segments based on the intended use for which the asset was primarily installed. Liabilities are allocated to operating segments to which it relates to.

No operating segments have been aggregated to form the above reportable operating segments

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### 53. Non-Current Asset Held for Sale:

Particulars	₹ Crore	
	As at 31.03.2020	As at 31.03.2019
Plant & Machinery & other assets	0.57	131.97
<b>Total</b>	<b>0.57</b>	<b>131.97</b>

Company intends to dispose of items classified under Asset held for sale in next 12 months. Efforts are underway to dispose of the items to other Fertilizer Companies/User of such assets.

Fair value of TDRs amounting to ₹ 131.39 crore in previous year included in the above has been reclassified to investment as elaborated in note no 57

### 54. Disclosures under IND AS 24 on Related Party Transactions are given below:

#### 54.1 Transactions with Joint Controlled Entities

##### a) Relationship

##### JOINT CONTROLLED ENTITIES

Name of the Company	No of Shares	Country of Incorporation	% of Ownership interest as at	
			31.03.2020	31.03.2019
1) FACT-RCF BUILDING PRODUCTS LTD. (FRBL) *	32870000 of ₹ 10 each	India	50.00	50.00
2) URVARAK VIDESH LTD.(UVL) *	180002 of ₹ 10 each	India	33.33	33.33
3) TALCHER FERTILIZERS LIMITED (TFL) #	159504807 of ₹ 10 each	India	33.33	33.33

\* Consequent to full provision recognized towards the investments made in FRBL and UVL as per Indian GAAP, the carrying value as on the date of transition has been recognized as deemed cost of investment which is NIL as on IND AS transition date .i.e. 1st April 2015.

Further URVARAK VIDESH LTD. (UVL) has been declared as Dormant Company on 04.11.2015 by Registrar of Companies, New Delhi.

# The shareholding is subject to change depending on the final value of the assets transferred by FCIL to Talcher Fertilizer Ltd.

##### b. Transactions during the year with the above referred related parties:

Sr No.	Particulars	₹ Crore	
		Year ended 31.03.2020	Year ended 31.03.2019
1	Contribution towards share capital-TFL	143.16	11.32
2	Advances given- FRBL	-	19.50
3	Share of Expenses receivable from TFL	2.74	4.45

The advances given to FRBL has fully provided for as doubtful

##### c) Balance Outstanding:

Sr. No.	Particulars	₹ Crore	
		As at 31.03.2020	As at 31.03.2019
		Joint Ventures	Joint Ventures
1	Advances Given-FRBL*	40.23	40.23
2	Share of Expenses receivable from TFL	7.19	4.45

\*The same has been fully provided.

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Company has given guarantee of ₹ 2.20 crore, PY (₹ 2.20 crore) for working capital facilities from banks on behalf of FRBL. Since such facility has not been availed, no provision towards financial guarantee and corresponding asset has been recognized.

### 54.2 Transactions with other entities- where Directors are interested:

#### a) Name of the entity & transactions

##### Fertilizers and Chemicals Travancore Ltd. (FACT) -

- i) Shri Umesh Dongre Director (Finance) being given the additional charge of Director (Finance) of the said entity w.e.f 01st February, 2019 till 28th August, 2019.
- ii) Shri Sudhir Panadare Director (Technical) being given the additional charge of Director (Technical) of the said entity w.e.f 04th June 2019 till 30th November, 2019.
- iii) Shri K U Thankachen Director (Marketing) being given the additional charge of Director (Marketing) of the said entity w.e.f 01st June, 2019.

Sr. No	Nature of Transaction	2019-20	2018-19
1	Inter corporate Loan	-	25.50
2	Interest Earned during the year	2.17	2.01
3	Earnest Money Deposit(EMD)	-	(0.03)

₹ Crore

The amount of ₹ 25.50 crore being the share of contribution of Fertilizers and Chemicals Travancore Ltd (FACT) - a 50% JV partner in FACT-RCF Building Products Ltd (FRBL) paid by RCF towards one time settlement entered into between FRBL and their bankers resulting in discharge of Corporate Guarantee given by Company to FRBL bankers has been reported under Inter Corporate Deposit (ICD). This ICD along with interest outstanding for the half year ending 31st March 2020 amounting to ₹ 1.09 crore has not been provided for, considering improvement in FACT's financial position and the Company is confident of settlement of the ICD given. FACT is a Government owned Entity and outstanding interest has been settled by them in May 2020. Further the Company has entered into an agreement with FACT for the ICD given, wherein FACT shall repay the same in five annual equal instalments commencing from December 2020.

#### b) Disclosure as required by Regulation 34(3) and 53(f) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

Sr No.	Particulars	Current Year		Previous Year	
		Entity in which Directors are interested	Amount as on 31.03.2020	Maximum amount outstanding during the year ended 31.03.2020	Amount as on 31.03.2019
1	Loans and Advances including interest to FACT	26.59	26.59	25.50	25.50

₹ Crore

#### c) Disclosure as per Section 186 of the Companies Act 2013

Sr No.	Name of Party	Amount as on 31.03.2020	Amount as on 31.03.2019
1	FACT ( Joint Venture Partner in FRBL)	26.59	25.50

₹ Crore

The FACT share towards onetime settlement entered in to with Dena Bank amounting to ₹25.50 Crore has been paid by the Company and is reported as inter corporate loan given. The said loan carries an interest in accordance with section 186(7) of Companies Act 2013.

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### 54.3 Key Management Personnel

#### a) Whole Time Directors & Company Secretary

- (i) Shri S. C. Mudgerikar , Chairman & Managing Director from 01.10.2019
- (ii) Shri Umesh V. Dhattrak, Chairman & Managing Director upto 30.09.2019
- (iii) Shri Sudhir Panadare, Director (Technical) from 18.12.2017
- (iv) Shri Umesh Dongre, Director (Finance) and CFO from 09.02.2018
- (v) Shri K. U. Thankachen, Director (Marketing) from 11.12.2018
- (vi) Shri Jai Bhagwan Sharma, Company Secretary from 01.10.2017

#### b) Independent Director

- (i) Shri Harin Pathak upto 09.06.2019
- (ii) Shri G. M. Inamdar upto 09.06.2019
- (iii) Shri Suryanarayana Simhadri upto 07.03.2020
- (iv) Prof. Anil Kumar Singh from 07.03.2019
- (v) Dr. Shambhu Kumar from 07.03.2019

#### c) Government Nominee Directors

- (i) Ms Alka Tiwari from 06.03.2017
- (ii) Ms Gurveen Sidhu from 18.03.2018

#### Details relating to parties referred above:

#### Remuneration:

Particulars	₹ Crore	
	Year ended 31.03.2020	Year ended 31.03.2019
Shri S. C. Mudgerikar	0.25	–
Shri Umesh V. Dhattrak	0.90	0.55
Shri Sudhir Panadare	0.51	0.55
Shri Umesh Dongre	0.48	0.42
Shri K. U. Thankachen	0.47	0.13
Shri Jai Bhagwan Sharma	0.26	0.24
<b>TOTAL</b>	<b>2.87</b>	<b>1.89</b>

The above amount includes salaries and allowances, contribution to Provident fund, pension etc. and actual payments towards leave encashment, if any.

The remuneration to key management personnel does not include the provisions made for gratuity; leave encashment and post-retirement medical benefits as they are determined on an actuarial basis for the Company as a whole.

There have been no outstanding loans and advances from the above referred parties as at year end.

#### Sitting Fees in case of Independent Directors

Particulars	₹ Crore	
	Year ended 31.03.2020	Year ended 31.03.2019
Shri Harin Pathak	0.01	0.04
Shri G. M. Inamdar	0.02	0.06
Shri Suryanarayana Simhadri	0.06	0.06
Prof. Anil Kumar Singh	0.05	0.00
Dr. Shambhu Kumar	0.05	0.01
<b>TOTAL</b>	<b>0.19</b>	<b>0.17</b>

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### 54.4 Transaction with other Government related Entities

Since Government of India owns 75% of the Company's equity share capital (under the administrative control of Ministry of Chemicals and Fertilizers), the disclosures relating to transactions with Government controlled entities have been reported in accordance with para 26 of IND AS 24.

Certain transactions which are individually and collectively significant carried out with other Government related entities for purchase of Gases, for procurement of Raw Materials / Finished Goods, Assets / Spare parts from Original equipment manufacturers etc. the details of which are as under:

₹ Crore

Name of Entity	Nature of Transaction	2019-20	2018-19
<b>Sale of Product/Services during the year</b>			
Bharat Petroleum Corporation Limited	Deposit received for STP Project	11.74	25.32
Bharat Petroleum Corporation Limited	Renting of Immovable Property	21.63	–
Bharat Petroleum Corporation Limited	Sale of Industrial chemicals	10.62	–
Indian Oil Corporation Ltd	Sale of Industrial chemicals	43.81	25.16
Oil and Natural Gas Corporation Ltd	Renting of Immovable Property	–	20.83
The Singareni Collieries Co. Ltd.	Sale of Industrial chemicals	17.05	10.56
Hindustan Insecticides Limited	Sale of fertilizers	20.31	35.46
<b>Purchase of Product/Services during the year</b>			
GAIL (India) Ltd	Procurement of Gas / Transportation Charges/ Pool difference payment	5069.52	5104.04
Mangalore Refinery & Petrochemicals	Procurement of Sulphur	–	21.88
Indian Oil Corporation Ltd	Procurement of Gas	81.78	198.22
Bharat Heavy Electricals Limited	Procurement of Capital Goods	18.13	105.19
<b>Accounts Receivable</b>			
Indian Oil Corporation Ltd	Trade & other receivable	11.78	10.19
Hindustan Insecticides Limited	Trade & other receivable	1.71	9.76
<b>Accounts Payable</b>			
GAIL (India) Ltd	Trade & other payables	557.05	314.43
Bharat Heavy Electricals Limited	Trade & other payables	6.58	9.93
Bharat Petroleum Corporation Limited	Trade & other payables	82.12	70.37

The above referred transactions have been carried out on arm's length basis with the said entities.

### 55. Earnings per Share –Basic and Diluted

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Net profit after tax as per Statement of Profit and loss (₹ crore) (A)	207.13	132.92
Weighted Average Numbers of Equity Shares for calculating basic EPS (B)	55,16,88,100	55,16,88,100
Basic/Diluted earnings per Share (in Rupees) (Face Value of ₹ 10/- per share) (A)/(B)	3.75	2.41
EPS from continuing operations	3.75	2.41



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### 56. “Financial Reporting of interests in Joint Ventures”

The required information is as under:-

#### JOINT CONTROLLED ENTITIES

Name of the Company	Country of Incorporation	Percentage of ownership interest as on	
		31.03.2020	31.03.2019
1) FACT-RCF BUILDING PRODUCTS LTD.	India	50.00	50.00
2) URVARAK VIDESH LTD.	India	33.33	33.33
3) TALCHER FERTILIZERS LIMITED	India	33.33	33.33

A) **FACT-RCF BUILDING PRODUCTS LTD:-**A Joint venture Company with Fertilizers and Chemicals Travancore Ltd. (FACT) for manufacture of rapid building materials from Gypsum at Kochi.

#### Summarized financial information of Company’s investment in FACT-RCF BUILDING PRODUCTS LTD. (FRBL)

₹ Crore

Sr No.	Particulars	As at 31.03.2020 (Audited)	As at 31.03.2019 (Audited)
1	Non-Current Assets	3.99	65.48
2	Cash and Cash Equivalent	0.01	1.02
3	Current Assets other than Cash and Cash Equivalent	15.03	15.40
4	Non-Current Liabilities	46.58	41.93
5	Current Liabilities	95.53	91.56
6	Equity	(123.08)	(51.59)
7	Proportion of the Company’s ownership	50%	50%
8	Carrying amount of the investment*	–	–
9	Contingent Liabilities	5.56	5.56

₹ Crore

Sr No.	Particulars	Year Ended 31.03.2020 (Audited)	Year Ended 31.03.2019 (Audited)
1	Income	16.84	16.61
2	Cost of materials consumed	1.85	3.73
3	Depreciation and amortization expense	65.24	9.12
4	Finance costs	4.83	4.33
5	Employee benefits expenses	3.27	3.80
6	Other Expenses	10.87	10.16
7	Profit/Loss from continuing operations before exceptional item	(71.49)	(13.54)
8	Exceptional Item	-	10.83
9	Profit/(Loss) Before Tax	(71.49)	(2.71)
10	Total comprehensive income for the year	(71.49)	(2.71)
11	Company’s Share of profit / loss for the year	(35.75)	(1.36)

\* Owing to the Company’s share of losses exceeding its interest in the joint venture, the share of loss stands discontinued to be recognized. Accordingly Company has not recognized share of loss of ₹ 35.75 crore for the year (P.Y. ₹ 1.36 crore) and ₹ 61.55 crore cumulatively upto the year ended 31.03.2020 (₹ 25.80 crore cumulatively upto the year ended 31.03.2019).

## EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH 2020

- B) **URVARAK VIDESH LTD:** - A joint venture with National Fertilizers Ltd. and KRIBHCO for revival of closed Fertilizer Units of FCI/HFC group of companies has been formed. Further URVARAK VIDESH LTD. (UVL) has been declared as Dormant Company on 04.11.2015 by Registrar of Companies, New Delhi.

### Summarized financial information of Company's investment in URVARAK VIDESH LTD.

₹ Crore

Sr No.	Particulars	As at 31.03.2020 (Audited)	As at 31.03.2019 (Audited)
1	Non-Current Assets	-	-
2	Cash and Cash Equivalent	0.03	-
3	Current Assets other than Cash and Cash Equivalent	0.07	0.10
4	Non-Current Liabilities	-	-
5	Current Liabilities	0.03	0.02
6	Equity	0.07	0.08
7	Proportion of the Company's ownership	33.33%	33.33%
8	Carrying amount of the investment*	0.02	0.03

₹ Crore

Sr No.	Particulars	Year Ended 31.03.2020 (Audited)	Year Ended 31.03.2019 (Audited)
1	Income	0.01	0.01
2	Cost of materials consumed	-	-
3	Depreciation and amortization expense	-	-
4	Finance costs	-	-
5	Employee benefits expenses	-	-
6	Other Expenses	0.02	0.02
7	Profit/(Loss) from continuing operations	(0.01)	(0.01)
8	Total comprehensive income for the year	(0.01)	(0.01)
9	Company's Share of profit /(loss) for the year #	(0.01)	-

\*Company, on implementation of IND AS had adopted the carrying amount as per IGAAP as its deemed cost of its investment in joint ventures.

- C) **TALCHER FERTILIZERS LIMITED:** - A Joint venture Company with Coal India Limited (CIL), GAIL (India) Limited and Fertilizer Corporation of India Limited (FCIL) was incorporated on 13th November 2015 for revival of the FCIL's fertilizer unit at Talcher by establishing and operating new coal gasification based fertilizer complex(Ammonia/Urea Complex).

### Summarized financial information of Company's investment in TALCHER FERTILIZERS LTD.

₹ Crore

Sr No.	Particulars	As at 31.03.2020 (Audited)	As at 31.03.2019 (Audited)
1	Non-Current Assets	301.15	33.70
2	Cash and Cash Equivalent	233.71	17.08
3	Current Assets other than Cash and Cash Equivalent	17.50	5.00
4	Non-Current Liabilities	-	-
5	Current Liabilities	95.57	25.45

## EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH 2020

₹ Crore

Sr No.	Particulars	As at 31.03.2020 (Audited)	As at 31.03.2019 (Audited)
6	Equity	456.79	30.33
7	Proportion of the Company's ownership	33.33%	33.33%
8	Carrying amount of the investment	152.26	10.11
9	Income	5.78	0.95
10	Cost of materials consumed	–	–
11	Depreciation and amortization expense	0.15	0.05
12	Finance costs	–	–
13	Employee benefits expenses	–	–
14	Other Expenses	8.67	19.63
15	Profit/(Loss) from continuing operations	(3.04)	(18.73)
16	Total comprehensive income for the year	(3.02)	(18.74)
17	Company's Share of profit / loss for the year	(1.01)	(6.25)

### 57. Disclosure of additional information pertaining to the Parent Company and Joint Ventures as on 31st March, 2020

₹ Crore

Name of Entity in the Group	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated net assets	Amount (₹ in crore)	As % of consolidated profit or loss	Amount (₹ in crore)	As % of consolidated profit or loss	Amount (₹ in crore)	As % of consolidated profit or loss	Amount (₹ in crore)
<b>Parent Company</b>								
Rashtriya Chemicals and Fertilizers Limited	95.21	3026.76	100.49	208.15	100.00	(5.37)	100.50	202.78
Joint Venture (as per Equity Method)								
<b>Indian</b>								
FACT –RCF Building Products Ltd.	–	–	–	–	–	–	–	–
Urvarak Videsh Limited	–	0.02	–	(0.01)	–	–	–	(0.01)
Talcher Fertilizers Limited	4.79	152.26	(0.49)	(1.01)	–	–	(0.50)	(1.01)
<b>Total</b>	<b>100.00</b>	<b>3179.04</b>	<b>100.00</b>	<b>207.13</b>	<b>100.00</b>	<b>(5.37)</b>	<b>100.00</b>	<b>201.76</b>

### 58. Contingent Assets:

As per the Arbitration award received in its favor for the compensation claimed in respect of surrender of land to Mumbai Metropolitan Regional Development Authority (MMRDA) on 23rd May, 2018, Company is eligible for compensation either in the form of cash / TDRs amounting to ₹ 75.17 crore along with interest over and above the entitled compensation as recommended by Arbitration award. Company has filed an execution application, however MMRDA has obtained stay against the same from Mumbai High Court subject to deposit of 25% of the disputed amount with the Court.

### 59. Exceptional items:

#### a) Exceptional item consist of :

₹ Crore

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Loss / (Gain) on Revaluation of Development Right Certificate received / receivable from MMRDA towards surrender of land in earlier year.	64.84	21.58
Fair value gain on account of valuation of Development Right Certificate receivable from Municipal Corporation of Greater Mumbai towards surrender of land.	35.33	(45.02)
Net Exceptional Expense / (Income)	100.17	(23.44)

## EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH 2020

The loss on account of fair valuation of Transferable Development Rights (TDRs) received /accrued has been reported as exceptional item amounting to ₹ 100.17 crore. Hitherto, as at 31.03.2019 the Company expecting TDRs to be sold in the coming financial year had classified the same as Non-Current Assets Held for sale. Considering the current depression in the real estate segment which has been further aggravated owing to COVID-19 pandemic, the sale of the same is not highly probable. Accordingly as per IND AS 105, the TDRs cannot be classified as Non-Current Asset Held for sale and has been reclassified as investment at fair value of ₹ 31.23 crore for the year ended 31.03.2020.

### 60. Disclosure as per IND AS 116

Sr. No.	Particulars	As at 01.04.2019	As at 31.03.2019
₹ Crore			
<b>Details pertaining to Lease Arrangement considered as ROU</b>			
1	Total Gross Lease liability	14.42	18.35
2	Total Discounted lease liability	10.12	11.41
3	Cash Outflow due to Lease Liability	-	3.28
4	Interest charged to PL	-	0.90
5	Depreciation charged to PL	-	2.74
6	Cancellations charged to PL	-	-
7	<b>Maturity Profile of Lease Liability</b>		
	On Demand	-	-
	Less Than 3 Months	0.63	0.56
	3 to 12 Months	1.93	1.25
	1 to 5 years	3.48	4.70
	5 Years & Above	4.08	4.90
	<b>Grand Total</b>	<b>10.12</b>	<b>11.41</b>
<b>Details pertaining exemptions availed as Short Term Lease Arrangement and not considered above</b>			
8	Total Short Term Lease Liability	0.17	
9	During the year charged to PL	-	4.77
10	Disclosure of undiscounted lease receivables wrt to assets given on Operating lease as a lessor		
	On Demand	-	-
	Less Than 3 Months	2.02	1.93
	3 to 12 Months	10.62	9.72
	1 to 5 years	17.15	7.98
	5 Years & Above	1.91	1.56
	<b>Grand Total</b>	<b>31.70</b>	<b>21.19</b>

Refer Note no 1, 20, 26, 43

61. Consolidated Employee benefit disclosures, lease disclosures, impairment disclosures and deferred tax liability (net), are not materially different from those disclosed in the standalone financial statements of the Company.
62. Consolidated financial statements were prepared based on Management Certified Financial Statements of joint ventures as they are not material to the Company and the same was approved by Board of Directors on 29.05.2020. As per directions received from Comptroller & Auditor General of India vide letter no 894/PDAAFWR/A/cs/Co/RCFL/2020-21/222 dated 18.09.2020, Company has been asked to resubmit Consolidated Financial Statements based on audited Financial Statements in respect of the joint venture entities viz FACT-RCF Building Products Limited, Talcher Fertilizers Limited and Urvarak Videsh Limited. On receipt of audited Financial Statements of above mentioned joint ventures, Consolidated Financial Statements of the Company stands duly revised.

## EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH 2020

The summary of Impact of the Consolidated Financial Statements based on the audited Financial Statements of the respective Joint ventures is as under: -

		₹ Crore	
	Particulars	Considering Un-audited	Considering Audited
1	Share of Profit/Loss of Associates/ Joint ventures	(1.02)	(1.02)
2	Other Equity	2627.35	2627.35

Other disclosures relating to summarized financial information of Company's investment FACT –RCF Building Products Ltd. and Talcher Fertilizers Ltd. stand revised, which is explained in detail in Note no. 56 above.

63. The consolidated financial statements were authorized for issue in accordance with a resolution passed by the Board of Directors on 9th October, 2020.
64. The financial statements as approved by the Board of Directors are subject to audit by Comptroller and Auditor General of India and final approval by its Shareholders.
65. **Covid-19 Impact Analysis:**
- For the year ended 31st march, 2020 operation of the Company were scaled down during the last fortnight of the year. The Company was quick in restoring the operations ensuring health, safety and well-being of its employees. This has not impacted the operations and results for the year ended 31st March, 2020.
  - For the year financial year 2020-21 adverse impact is anticipated in the following areas:
    - Manpower - Own employees as well as Contract labour downtime due movement restrictions and health issues.
    - Delay in commissioning of projects and the ensuing benefits due to delayed supply of equipments and restrictions in movement of personnel from foreign countries / within India required for the project.
    - Rationalization of Government expenditures may result in delayed settlement of subsidies straining liquidity and working capital.
66. **The figures of previous year have been re-arranged and regrouped wherever necessary and/or practicable to make them comparable with those of the current year.**

For and on behalf of the Board of Directors

**RASHTRIYA CHEMICALS AND FERTILIZERS LTD.**

**(S. C. Mudgerikar)**

Chairman & Managing Director

DIN : 03498837

**(Umesh Dongre)**

Director (Finance)

DIN : 08039073

**(J. B. Sharma)**

Company Secretary

Membership No: FCS5030

Dated : 9th October, 2020

Place: Mumbai

As per our report of even date attached

**For Chhajer & Doshi**

Chartered Accountants

Firm Regn. No. 101794W

**(Kiran K. Daftary)**

Partner

Membership No: 010279

Dated : 9th October, 2020

Place: Mumbai

**For Ford Rhodes Parks & Co. LLP**

Chartered Accountants

Firm Regn. No. 102860W / W100089

**(Astha Kariya)**

Partner

Membership No: 122491

**EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH 2020**

Annexure-1

**CONSOLIDATED SEGMENTWISE REVENUE & RESULTS FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2020**

₹ Crore

Sr. No	Particulars	Fertilizers	Trading	Industrial Chemicals	Unallocated	Total
	<b>SEGMENT REVENUE</b>					
i.	Sales ( Incl. Subsidy wherever applicable )	8063.21	949.83	660.94	–	9673.98
ii.	Other operating Income	12.97	0.11	0.22	10.67	23.97
	<b>Total Revenue</b>	<b>8076.18</b>	<b>949.94</b>	<b>661.16</b>	<b>10.67</b>	<b>9697.95</b>
	<b>SEGMENT RESULT</b>					
i.	Segment Results	431.45	91.16	(11.10)	(112.17)	399.34
ii.	Share of profit / (loss) of Joint Ventures	(1.02)	–	–	–	(1.02)
iii.	Interest Expense					237.82
iv.	Interest Income					41.41
v.	<b>Profit before Tax</b>					<b>201.91</b>
vi.	Tax - Current					71.72
vii.	Deferred Tax Liability / ( Asset )					(77.16)
viii.	Tax adjustments of earlier years (excess) / short					0.22
ix.	<b>Net Profit</b>					<b>207.13</b>
	<b>OTHER INFORMATION</b>					
i.	Segment Assets	7698.54	190.10	322.73	2081.90	10293.27
ii.	Segment Liabilities	1901.25	0.08	84.16	5128.74	7114.23
	<b>Other Disclosures</b>					
iii.	Investments in Joint Ventures	152.28	–	–	–	152.28
iv.	Capital Expenditure	461.45	–	2.84	3.27	467.56
v.	Depreciation	125.36	–	38.89	4.27	168.52
vi.	Impairment	–	–	2.86	–	2.86
vii.	Other Non Cash Expenses	8.03	–	0.00	(0.01)	8.02

## EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH 2020

### CONSOLIDATED SEGMENTWISE REVENUE & RESULTS FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2019

₹ Crore

Sr. No	Particulars	Fertilizers	Trading	Industrial Chemicals	Unallocated	Total
	<b>SEGMENT REVENUE</b>					
i.	Sales ( Incl. Subsidy wherever applicable )	7541.23	372.91	955.16	-	8869.30
ii.	Other operating Income	5.32	0.14	1.07	9.64	16.17
	<b>Total Revenue</b>	<b>7546.55</b>	<b>373.05</b>	<b>956.23</b>	<b>9.64</b>	<b>8885.47</b>
	<b>SEGMENT RESULT</b>					
i.	Segment Results	277.76	36.80	60.27	(1.50)	373.33
ii.	Share of profit / (loss) of Joint Ventures	(6.25)		-		(6.25)
iii.	Interest Expense					155.85
iv.	Interest Income					17.77
v.	<b>Profit before Tax</b>					<b>229.00</b>
vi.	Tax - Current					57.12
vii.	Deferred Tax Liability / ( Asset )					56.16
viii.	Tax adjustments of earlier years (excess) / short					(17.20)
ix.	<b>Net Profit</b>					<b>132.92</b>
	<b>OTHER INFORMATION</b>					
i.	Segment Assets	7609.02	675.31	353.09	276.86	8914.28
ii.	Segment Liabilities	1560.20	377.66	119.98	3827.95	5885.79
	<b>Other Disclosures</b>					
iii.	Investments in Joint Ventures	10.14	-	-	-	10.14
iv.	Capital Expenditure	332.26	-	4.68	6.62	343.56
v.	Depreciation	120.28	-	31.64	4.11	156.03
vi.	Impairment	-	-	-	-	-
vii.	Other Non Cash Expenses	10.47	-	0.01	19.51	29.99

\* Finance income and costs, and Corporate expenses are not allocated to individual segments as the same are managed on a group basis.

\* Current taxes, deferred taxes and write back of excess tax provisions are also not allocated to those segments as they are also managed on a group basis.

\* Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties.

**EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL  
STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH 2020**  
**REONCILIATIONS TO AMOUNTS REFLECTED IN FINANCIAL STATEMENTS**

₹ Crore

Sr. No	Particulars	AS AT 31.03.2020	AS AT 31.03.2019
<b>I</b>	<b>OPERATING REVENUE</b>		
	<b>Segment Revenue</b>		
	India	9686.95	8875.83
	Outside India	0.33	–
	<b>Segment Revenue</b>	<b>9687.28</b>	<b>8875.83</b>
	Unallocated - Management fees	10.67	9.64
	<b>Total Operating Revenue</b>	<b>9697.95</b>	<b>8885.47</b>
<b>II</b>	<b>RECONCILIATION OF PROFITS</b>		
	Segment Profit	510.49	368.58
	Interest Income	41.41	17.77
		<b>551.9</b>	<b>386.35</b>
	less: Finance Costs	237.82	155.85
	Corporate Expenses (net)	112.17	1.50
	<b>Profit Before Tax</b>	<b>201.91</b>	<b>229</b>
<b>III</b>	<b>RECONCILIATION OF ASSETS</b>		
	<b>Segment Assets</b>	8211.37	8637.42
	Investments	263.00	86.34
	Corporate Assets + CWIP	24.42	25.45
	Non Current Tax Asset	109.60	105.15
	Derivatives not designated as hedges (MTM Gain Receivable)	2.67	0.14
	Cash & Bank balances	1.09	3.04
	Other assets *	1681.12	56.74
	<b>Total Assets</b>	<b>10293.27</b>	<b>8914.28</b>
<b>IV</b>	<b>RECONCILIATION OF LIABILITIES</b>		
	Segment Liabilities	1985.49	2057.84
	Borrowings long term	600.91	425.11
	Current maturities of long term Loans	145.24	151.12
	Borrowings Short term	4075.78	2880.96
	Deferred Tax Liabilities	196.94	280.33
	Current Tax Liability	53.25	–
	Derivatives not designated as hedges	0.03	–
	Other current financial liabilities	7.23	45.33
	Other non current financial liabilities	–	0.09
	Other Liabilities	49.36	45.01
		<b>7114.23</b>	<b>5885.79</b>

\* Includes an amount of ₹ 1598.65 Crore receivable from Government of India towards Import of Urea on Government Account (P.Y. NIL)



**SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY / ASSOCIATES / JOINT VENTURES AS PER COMPANIES ACT, 2015**

**Part A: Subsidiaries**

Name of Subsidiary Company	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before taxation	Profit after taxation	Proposed Dividend	% of Shareholding	Reasons for non-consolidation:
Not Applicable												

**Part B: Associates and Joint Ventures**

Statement pursuant to Section 129 (3) of the Companies Act, 2015 relating to Associate Companies and Joint Ventures

Name of Joint Venture	Last audited balance sheet date	Shares of Associate / Joint Ventures held by the Company on year end		Amount of investment in Associate / Joint Venture (₹ in crore)	Extent of Holding %	Network attributable to Shareholding as per the latest audited Balance Sheet (₹ in crore)	Profit / Loss for the year		Description of how there is significant influence	Reason why the associate / joint venture is not consolidated
		No.					Considered in Consolidation (₹ in crore)	Not Considered in Consolidation (₹ in crore)		
1. FACT-RCF Building Products Ltd.	31/03/2020	3,28,70,000		32.87	50.00%	(33.06)	-	(7.27)	Note A	**
2. Urvarak Videsh Limited	31/03/2020	1,80,002		0.18	33.33%	0.02	(0.01)	-	Note A	
3. Thalcher Fertilizers Limited	31/03/2020	15,95,04,807		159.51	33.33%	152.26	(1.01)	-	Note A	

**Note**

A: There is significant influence due to percentage(%) of Share Capital.

\*\* As per IND AS 28, Para 38, If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the entity discontinues recognizing its share of further losses

Para 39 of the standard states that after the entity's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

For and on behalf of the Board of Directors

**RASHTRIYA CHEMICALS AND FERTILIZERS LTD.**

**(S. C. Mudgerikar)**

Chairman & Managing Director

DIN : 03498837

**(Umesh Dongre)**

Director (Finance)

DIN : 08039073

**(J. B. Sharma )**

Company Secretary

Membership No: FCS5030

Dated : 9th October, 2020

Place: Mumbai







*Trombay Unit commissioned  
"New Sewage Treatment Plant"*



*Thal Unit commissioned  
"New GTG - HRSG Plant"*



साथ बढ़ें समृद्धि की ओर

## Rashtriya Chemicals and Fertilizers Limited

( A Government of India Undertaking )

CIN : L24110MH1978GOI020185

ISO 9001, ISO 14001, ISO 50001, ISO 45001 ISO 27001 Compliant

Regd. off: 'Priyadarshini', Eastern Express Highway, Sion, Mumbai - 400 022.

Website : [www.rcfltd.com](http://www.rcfltd.com)

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