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

1 Corporate information

The financial statements comprise financial statements of Gujarat Narmada Valley Fertilizers & Chemicals Limited ('the Company') for the year ended March 31, 2020. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognized stock exchanges in India. The registered office of the Company is located at P.O: Narmadanagar-392 015, Dist.: Bharuch, Gujarat.

The Company is one of India's leading entities engaged in the manufacturing and selling of fertilizers, industrial chemical products and providing IT services.

The financial statements were authorized for issue in accordance with a resolution of the Board of Directors on July 10, 2020.

2 Significant accounting policies

2.1 Basis of preparation

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

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

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

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

2.2 Summary of significant accounting policies

a) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

b) Foreign currency transactions

The Company's financial statements are presented in INR, which is functional currency of the Company. The Company determines the functional currency and items included in the financial statements are measured using that functional currency.

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c) Transactions and balances

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

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

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception that the Exchange differences arising on long-term foreign currency monetary items related to acquisition of a Property, Plant and Equipment (including funds used for projects work in progress) recognized in the Indian GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period i.e. March 31, 2016 are capitalized / decapitalized to cost of Property, Plant and Equipment and depreciated over the remaining useful life of the assets.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of initial transactions.

d) Fair value measurement

Fair value is the price that would be received on selling of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

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

External valuers are involved for valuation of significant assets, such as properties and unquoted investments. Involvement of external valuers is decided upon annually by the Management and in specific cases after discussion with and approval by the Company's Audit Committee. Selection criteria includes market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

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

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

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

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

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

e) Revenue from contracts with customers

Revenue from contracts with customers is recognised when the control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company derives its revenues from sale of goods such as fertilizers, industrial chemicals, government subsidies on sale of fertilizers and information technology related hardware / software services. The Company is generally the principal in its revenue arrangements because it controls goods or services before transferring them to the customer, except for the agency services where revenue is recognised on net basis.

The disclosure of significant accounting judgements, estimates and assumptions relating to revenue from contract with customers are provided in Note 3."

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods except in certain cases where goods are sold under bill and hold arrangement.

The Company considers whether there are other promises in the contract (supply of information technology goods) that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. installation, warranties etc.) based on materiality of such obligation. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration and consideration payable to the customer (if any)."

Installation, as applicable, is integral part of delivery of goods. The Company typically provides warranties for general repairs of defect that existed at the time of sale, as required by law. These assurance type warranties are accounted for under Ind AS 37 - Provisions , Contingent Liabilities and Contingent Assets unless it is fully realisable from the supplier.

Bill-and-hold arrangement

A bill-and-hold arrangement is a contract under which an entity bills a customer for a product but the entity retains physical possession of the product until it is transferred to the customer at a point in time in the future. The Company does not control the product. Instead, it provides custodial services to the customer over the customer's asset.

The Company recognizes the revenue under Bill-and-Hold arrangements only when it satisfies all of the below criteria along with the other criteria as specified under Ind AS 115 – revenue from contract with customers:

- There is a substantive reason for the bill-and-hold arrangement.

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- The product is identified separately as belonging to the customer;
- The product currently is ready for physical transfer to the customer; and
- The Company do not have the ability to use the product or to direct it to another customer.

Urea product subsidy

Urea Subsidy under the New Urea Policy - 2015 is recognised as per concession rates notified by the Government of India (GoI) at the point in time when the quantity is transferred / delivered to customers. Urea Subsidy is further adjusted for input price escalation/ de-escalation as estimated by the Management based on the prescribed norms. The Company recognises the subsidy based on the quantity sold.

ANP product subsidy

ANP Subsidy under Nutrient Based Subsidy (NBS) w.e.f. 01.04.2010 and amendments thereto is recognised as per the concession rates notified by the Government of India (GoI) at the point in time when the quantity is transferred / delivered to customers. The Company recognises the subsidy based on the quantity sold.

Urea and ANP freight subsidy

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

Rendering of services (including contracted services)

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

Interest income

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

Dividends

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

Insurance claims

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

Government grants and export incentives

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

Export incentive

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

f) Contract balances

Contract assets

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

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Trade receivables (including subsidy receivables)

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

Contract liabilities

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

g) Taxes

Tax expense comprises of current income tax and deferred tax.

Current income tax

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

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

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, except

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

  Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:
- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The Company is eligible and claiming tax deductions available under section 80IA of the Income Tax Act, 1961 for a period of 10 years w.e.f FY 2011-12 in respect of windmill income and w.e.f FY 2012-13 in respect of co-generation power and steam unit (CPSU). In view of Company availing tax deduction under Section 80IA of the Income Tax Act, 1961, deferred

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tax has been recognized in respect of temporary difference, which will reverse after the tax holiday period in the year in which the temporary difference originate and no deferred tax (assets or liabilities) is recognized in respect of temporary difference which reverse during tax holiday period, to the extent such gross total income is subject to the deduction during the tax holiday period. For recognition of deferred tax, the temporary difference which originate first are considered to reverse first.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset if and only if there is a legally enforceable right to offset corresponding current tax assets against current tax liabilities and when the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company. Current tax assets and current tax liabilities are offset where the entity has a legally enforceable right to offset the recognized amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Company recognizes deferred tax credits in the nature of Minimum Alternate Tax (MAT) credit entitlement only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT tax credit is allowed to be carried forward, sufficient to utilize the MAT credit entitlement. In the year in which the Company recognises MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The carrying amount of tax credit is reviewed at each reporting date as stated above.

h) Property, plant and equipment

Measurement at recognition

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of PPE is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Such cost includes the cost of replacing part of the plant and equipment if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life.

The Company had adjusted exchange differences arising on translation difference/settlement of long term foreign currency monetary items outstanding in the Indian GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial statements i.e. March 31, 2016 and pertaining to the acquisition of a depreciable asset to the cost of asset and depreciates the same over the remaining life of the asset.

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

Capital Work in progress

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each balance sheet date are disclosed as Other Non-Current Assets.

Depreciation

Depreciation on each part of an item of property, plant and equipment is provided using the Straight Line Method based on the useful life of the asset as prescribed under Part C of Schedule II of the Companies Act, 2013 or based on technical assessment by the Company taking into account the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, past history of replacements, manufacturers warranties and maintenance support, etc.

The useful lives for certain catagories of property, plant & equipments are different from those prescribed under Part C of Schedule II of the Companies Act, 2013 based on management estimates. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be use. Category wise details are as under:

Sr No	Category	Useful life in years
1.	Plant and equipment (including capital spares)	Ranging from 1 to 40 years
2.	Furniture and Fixtures	Ranging from 2 to 20 years
3.	Office equipments	Ranging from 1 to 13 years
4.	Roads, culverts and compound wall	Ranging from 3 to 30 years
5.	Water supply and drainage system	Ranging from 5 to 15 years

The identified components of Property, Plant and Equipments are depreciated over their useful lives and the remaining components are depreciated over the life of principal assets.

Freehold land is not depreciated. Lease hold land is amortized over the lease term of 99 years.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate and adjusted prospectively, if appropriate.

De-recognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the De-recognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

i) Investment Properties

Investment properties are measured initially at original cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

The Company depreciates building component of investment property over 60 years from the date of original purchase.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

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j) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Cost incurred on internally generated intangible assets are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

A summary of the policies applied to the Company's intangible assets is as follows:

Intangible Assets	Method of Amortization	Estimated Useful life
Computer software	on straight line basis	Six years or validity period whichever is lower
Licenses	on straight line basis	Over its useful life of 20 years

k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

l) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 01, 2017, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use Assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land	8 to 9 years
- Building (includes Godown / warrhouses & office premises)	3 years
- Vehicle	3 years

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If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (n) Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of building, machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

m) Inventories

Inventories of Raw material, Work-in-progress, Finished goods and Stock-in-trade are valued at the lower of cost and net realisable value. However, Raw material and work-in-progress held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Cost basis.

Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on Weighted Average Cost basis.

Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Cost basis.

All other inventories of stores and consumables (including coal) are valued at Weighted Average Cost.

Stores and Spares includes equipment spare parts, catalyst and others which are held as inventory by the Company.

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Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

n) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budget / forecast the Company extrapolates cash flow projection in the budget working a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case this growth rate does not exceed the long term average growth rate for the products, industry or the market in which the asset is used.

Impairment losses including impairment on inventories, are recognized in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss as an exceptional item.

Under Ind AS 116 para 33 right-of-use assets are subject to the impairment requirements of Ind AS 36 - Impairment of assets.

o) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

p) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. Till current year end the Company has separate recognized Provident Fund trusts for all the employees of the Company. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trusts and the interest rate notified by Government.

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

The employee's gratuity fund scheme and post-retirement medical benefit schemes are Company's defined benefit plans. The contributions under the plans are made to separately administered funds. The cost of providing benefits under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on the net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short term employee benefits. The Company measures the expected cost of such absence as the additional amount that is expected to pay as a result of the unused estimate that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months as long term compensated absences which are provided for based on actuarial valuation as at the end of the period. The actuarial valuation is done as per Projected Unit Credit Method.

q) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in case of financial asset not recorded at fair value through profit and loss, transaction cost that are attributable to the acquisition of the financial assets.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the Practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (e) for Revenue from contracts with customers.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payment of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date. i.e. the date that the Company commits to purchase or sell the asset.

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

(i) Financial assets measured at amortized cost (debt instrument)

(ii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

(iii) Financial assets measured at fair value through profit or loss (FVTPL)

(i) Financial assets measured at amortized cost (debt instrument)

A 'financial asset' is measured at amortized cost if both the following conditions are met:

(a) the financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category generally applies to cash and bank balances, trade receivables, investments in unquoted equity shares of subsidiary entity and an associate entity, loans & advances and other financial assets of the Company (Refer note 48 for further details).

This category is most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss except where the Company has given temporary waiver of interest not exceeding 12 months period.

(ii) Financial assets designated at fair value through OCI (equity instruments)

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment / de-recognition of investment on restructuring by investee. However, the Company may transfer the cumulative gain or loss into retained earnings within equity. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

(iii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss include financial assets held for trading, debt securities and financial assets designated upon initial recognition act fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has designated Loans to employees and advances to GNFC-EPFT as at FVTPL. (Refer note 48 for further details).

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

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On Derecognition of a financial asset, (except as mentioned in (ii) above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

Impairment of financial assets

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure ;

a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits and bank balances.

b) Financial assets that are equity instruments and are measured at fair value through other comprehensive income (FVTOCI)

c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables.

Under the simplified approach the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Lifetime ECL are the expected credit losses resulting from all possible default over the expected life of a financial instrument.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ECL is the difference between all contracted cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original EIR. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income / (expense) in the statement of profit and loss (P&L). This amount is reflected under the head "Other Expense" in the P&L.

The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortized cost, contractual revenue receivables and lease receivables:

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet.

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

The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

For the purpose of subsequant measurement, financial liabilities are classified into two categories:

(i) Financial liabilities measured at fair value through profit or loss

(ii) Financial liabilities measured at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains / losses attributable to changes in own credit risk are recognized in OCI. These gains / losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as at FVTPL.

Financial liabilities measured at amortised cost (loans and borrowings)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which

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

are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

r) Derivative financial instruments

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value through profit or loss (FVTPL) on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivative financial instrument or on settlement of such derivative financial instruments are recognized in statement of profit and loss and are classified as Foreign Exchange (Gain) / Loss except those relating to borrowings, which are separately classified under Finance Cost.

s) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and cash credit facilities as they are considered an integral part of the Company's cash management.

t) Cash dividend to equity holders of the Company

The Company recognizes a liability to pay dividend to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

u) Earnings per share

Basic earnings per share are calculated by dividing the profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.3 Changes in accounting policies and disclosures

The following standards and amendments became applicable for the first time for the annual reporting period commencing from 1st April, 2019:

- Ind AS 116 – Leases
- Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment
- Amendments to Ind AS 109: Prepayment Features with Negative Compensation
- Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement
- Amendments to Ind AS 28: Long-term interests in associates and joint ventures

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

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below and most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

The Company has not early adopted any standards,amendments that have been issued but are not yet effective/ notified.

Ind AS 116 - Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 - Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 - Operating Leases-Incentives and Appendix B of Ind AS 17 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. At the commencement date of the lease, a lessee will recognise a liability to make lease payments (i.e. lease liability) and an asset representing the right of use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-to-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

The Company has adopted Ind AS 116 'Leases' with effect from April 1, 2019 using the modified retrospective method. Cumulative effect of initially applying the standard has been recognised on the date of initial application and hence the Company has not restated comparation information. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). Accordingly, the Company has recognised right-of-use asset of Rs. 3.46 crore and a corresponding lease liability of Rs. 3.46 crore in the financial statements on the date of initial application. There is no impact on the retained earnings. Due to adoption of Ind AS 116, the classification of expenses has changed from rent in previous years to depreciation cost on right-of-use asset and finance cost for interest on lease liability. The Company has recognised depreciation on right-of-use asset of Rs. 1.99 crore and interest on lease liability of Rs.0.21 crore for the year ended March 31, 2020. The effect of this standard is not significant on the profit for the reporting year of the Company.

3 Significant accounting judgement, estimates and assumptions

The preparation of the Company's Ind AS Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Companies accounting policies, management has made the following judgements which have the most significant effects on the amounts recognised in the financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Taxes

Deferred tax assets (including tax credit under Minimum Alternate Tax (MAT)) are recognized for unused tax credits to the extent that it is probable that taxable profit will be available against which the credits can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details on taxes are disclosed in Note 25.

Defined benefit plans (gratuity benefits and other post-employment medical benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of these obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, medical cost escalations and mortality rates etc. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates and Company's obligation under Long Term Wage Settlement which is evaluated in block of four years. Medical cost escalations are based on expected future medical expenditure. Further details about gratuity and post-employment medical benefits obligations are given in Note 41.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer Note 48 for further disclosures.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the future years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance being tested. The cash flow projections, beyond period covered by the most recent budget / forecast, the Company extrapolates cash flow projections taking base of budget working using a steady or declining growth rate for subsequent years unless an increasing trend can be justified. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

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

Note 4 : Property, plant and equipment

(Rs. in Crores)

	Land freehold	Land leasehold	Buildings	Plant and equipment	Furniture and fixture	Vehicles	Office equipment	Roads, culverts and compound wall	Water supply and drainage system	Railway sidings	Total
Cost											
As at April 01, 2018	**111.03**	**214.69**	**427.46**	**6,592.98**	**32.68**	**7.79**	**12.19**	**64.54**	**122.54**	**3.77**	**7,589.67**
Additions	-	25.85	2.24	71.15	0.75	0.44	0.66	-	4.63	-	105.72
Disposals	-	-	-	(53.21)	(0.26)	(1.08)	(0.03)	-	-	-	(54.58)
Adjustments for foreign currency fluctuation	-	-	-	(2.49)	-	-	-	-	-	-	(2.49)
As at March 31, 2019	**111.03**	**240.54**	**429.70**	**6,608.43**	**33.17**	**7.15**	**12.82**	**64.54**	**127.17**	**3.77**	**7,638.32**
Additions	-	-	2.70	103.40	0.87	0.86	0.49	4.09	0.54	-	112.95
Disposals	-	-	-	(10.29)	(0.38)	(0.92)	(0.06)	-	-	-	(11.65)
As at March 31, 2020	**111.03**	**240.54**	**432.40**	**6,701.54**	**33.66**	**7.09**	**13.25**	**68.63**	**127.71**	**3.77**	**7,739.62**
Depreciation / Amortisation											
As at April 01, 2018	**-**	**13.46**	**96.07**	**3,243.28**	**20.17**	**3.27**	**10.37**	**29.83**	**54.91**	**3.58**	**3,474.94**
Depreciation for the year	-	2.36	11.58	228.33	2.25	0.78	0.51	4.61	9.35	-	259.77
Disposals	-	-	-	(11.36)	(0.19)	(0.53)	(0.01)	-	-	-	(12.09)
As at March 31, 2019	**-**	**15.82**	**107.65**	**3,460.25**	**22.23**	**3.52**	**10.87**	**34.44**	**64.26**	**3.58**	**3,722.62**
Depreciation for the year	-	2.52	11.62	230.86	2.10	0.71	0.49	4.95	5.93	-	259.18
Disposals	-	-	-	(9.51)	(0.34)	(0.37)	(0.03)	-	-	-	(10.25)
As at March 31, 2020	**-**	**18.34**	**119.27**	**3,681.60**	**23.99**	**3.86**	**11.33**	**39.39**	**70.19**	**3.58**	**3,971.55**
Net Block											
As at March 31, 2020	**111.03**	**222.20**	**313.13**	**3,019.94**	**9.67**	**3.23**	**1.92**	**29.24**	**57.52**	**0.19**	**3,768.07**
As at March 31, 2019	111.03	224.72	322.05	3,148.18	10.94	3.63	1.95	30.10	62.91	0.19	3,915.70

Notes :

a. Leasehold Land pertains to the costs incurred for leasehold land in possession of the Company as a Licensee, pending completion formalities of the lease agreement for a term of 99 years in respect of certain land areas situated at Dahej and Atali.

Addition to lease hold land during the previous year represents cost of increase in land area earlier allotted to the Company and payment of stamp duty on registration of lease agreement in respect of lease hold land situated at Dahej."

b. Feed Stock Conversion Projects from 'LSHS/FO' to 'Gas' acquired under Government of India policy for reimbursement of project cost over a period of five years from the date of commercial production, was capitalized on 01.10.2013. Accordingly, plant and equipment include assets amounting to Rs. 1,215.64 crores (net of decapitalisation) represented by capital grant of Rs. 1,213.06 crores.

c. During the previous year the Company had received concession amounting to Rs. 32.75 crores towards Feed Stock Conversion Project, which had been adjusted to the carrying value of plant and equipment in terms of para 37 of Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The gain (adjustment) of Rs. 5.69 crores arising on decapitalisation of plant & equipment was transferred to Other income in the previous year. (refer Note 27).

d. During the year the Company has received concession amounting to Rs. 0.36 crore (Rs. 12.26 crores in previous year) towards TDI II project, which has been adjusted to the carrying value of plant and equipment in terms of para 37 of Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The gain (adjustment) of Rs. 0.10 crore (Rs. 2.71 crores in previous year) arising on decapitalisation is transferred to Other income (refer Note 27).

e. During the year, the Company has capitalised Rs. 85.33 crore of spares, stand by equipment which are of capital nature and meet the definition of property, plant and equipment in accordance with para 8 of Ind AS 16 - "Property, Plant and Equipment" which are shown as addition in plant and equipment.

f. Assets given on lease includes plant and equipment :
- Cost as at March 31, 2020 is Rs. 9.39 crore (March 31, 2019 Rs. 9.39 crore)
- Depreciation as at March 31, 2020 is Rs. 8.92 crore (March 31, 2019 Rs. 8.92 crore)
- Net block as at March 31, 2020 is Rs. 0.47 crore (March 31, 2019 Rs. 0.47 crore)

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

g. Capital work in progress is as under:
- Gross block as at March 31, 2020 is Rs. 89.51 crore (March 31, 2019 Rs. 28.29 crore)
- Impairment provision as at March 31, 2020 is Rs. 7.61 crore (March 31, 2019 Rs. 2.93 crore)
- Net block as at March 31, 2020 is Rs. 81.90 crore (March 31, 2019 Rs. 25.36 crore)

It mainly includes cost incurred on plant and equipment procured at Neem project (Rs. 26.83 crore) , Ammonia Plant (Rs. 8.64 crore), TDI II Dahej Plant (Rs. 7.26 crore), WNA Plant (Rs. 26.54 crore), Formic Acid Plant (Rs. 3 crore) and 10MW Solar Plant (Rs. 2.54 crore).

h. Additions to property, plant & equipment during the year include Rs. Nil (previous year: Rs. 0.36 crore) used for research and development activities.

Note 5 : Investment property (Rs. in Crores)

Particulars	Building	Total
Cost		
As at April 01, 2018	**25.93**	**25.93**
Additions (subsequent expenditure)	-	-
As at March 31, 2019	**25.93**	**25.93**
Additions (subsequent expenditure)	-	-
As at March 31, 2020	**25.93**	**25.93**
Depreciation		
As at April 01, 2018	**6.95**	**6.95**
Depreciation for the year	0.43	0.43
As at March 31, 2019	**7.38**	**7.38**
Depreciation for the year	0.42	0.42
As at March 31, 2020	**7.80**	**7.80**
Net Block		
As at March 31, 2020	**18.13**	**18.13**
As at March 31, 2019	18.55	18.55

Information regarding income and expenditure of Investment property (Rs. in Crores)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Rental income derived from Investment properties	**11.36**	11.41
Direct operating expenses (including repairs and maintenance) generating rental income	**(3.62)**	(3.64)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	**(1.98)**	(1.69)
Profit arising from investment property before depreciation and indirect expenses	**5.76**	6.08
Less : Depreciation	**(0.42)**	(0.43)
Profit arising from investment property before indirect expenses	**5.34**	5.65

(i) As at March 31, 2020 and March 31, 2019 the fair values of the investment property is Rs 85.21 crore and Rs. 85.25 crore respectively, based on valuations performed by an accredited independent valuer, who is a specialist in valuing such types of investment properties.

(ii) The Company has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

(iii) Fair value hierarchy disclosure for investment properties have been provided in Note 48.2.

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

Note 6 : Intangible assets (Rs. in Crores)

Particulars	Computer software	Licenses	Total
Cost			
As at April 01, 2018	**25.70**	**34.27**	**59.97**
Additions	-	-	-
As at March 31, 2019	**25.70**	**34.27**	**59.97**
Additions	0.56	-	0.56
As at March 31, 2020	**26.26**	**34.27**	**60.53**
Amortization			
As at April 01, 2018	**19.38**	**13.18**	**32.56**
Amortization for the year	1.20	1.55	2.75
As at March 31, 2019	**20.58**	**14.73**	**35.31**
Amortization for the year	1.19	1.55	2.74
As at March 31, 2020	**21.77**	**16.28**	**38.05**
Net Block			
As at March 31, 2020	**4.49**	**17.99**	**22.48**
As at March 31, 2019	5.12	19.54	24.66

Note 7 : Investments (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Investments		
(i) Investment in a Subsidiary at cost (Unquoted)		
Investment in equity instrument-unquoted (In fully paid up equity shares)		
10,000 (previous year 10,000) Equity shares of Gujarat Ncode Solutions Limited of Rs. 10/- each	**0.01**	0.01
Less: Provision for diminution in Value of Investments	**(0.01)**	-
Total	-	0.01
(ii) Investment in Associate at cost (Unquoted)		
Investment in equity instrument-unquoted (In fully paid up equity shares)		
12,50,000 (previous year 12,50,000) Equity shares of Gujarat Green Revolution Company Limited of Rs. 10/- each	**1.25**	1.25
Total	**1.25**	1.25
Non- Trade Investments		
(i) Investments at fair value through other comprehensive income (FVTOCI)[Refer note (a & b)]		
Investments at FVTOCI		
Investments in equity instruments-quoted (In fully paid up equity shares)		
A) 75,00,000 (previous year 75,00,000) Equity Shares of Gujarat State Fertilizers & Chemicals Limited of Rs 2/- each	**27.41**	78.19
B) 17,59,996 (previous year 17,59,996) Equity Shares of Gujarat Alkalies & Chemicals Limited of Rs 10/- each	**39.25**	86.82

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

(Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
C) 80,00,000 (previous year 80,00,000) Equity Shares of Gujarat State Petronet Limited of Rs 10/- each	**137.96**	152.56
D) 2,66,445 (previous year 2,66,445) Equity Shares of Gujarat Gas Limited of Rs 2/- each	**6.15**	3.94
	210.77	321.51
Investments in equity instruments-unquoted		
A) 2,15,43,200 (previous year 2,15,43,200) equity shares of Gujarat State Petroleum Corporation Limited of Rs 1/- each	**18.55**	17.26
B) 42,000 (previous year 42,000) equity shares of Bharuch Enviro Infrastructure Limited of Rs 10/- each	**4.65**	4.53
C) 20,000 (previous year 20,000) equity shares of Gujarat Venture Finance Limited of Rs 10/- each	**0.34**	0.30
D) 18,39,60,000 (previous year 18,39,60,000) equity shares of Gujarat Chemical Port Limited of Rs 1/- each (formerly known as Gujarat Chemical Port Terminal Company Limited)	**348.97**	347.68
E) 2,42,10,000 (previous year 2,42,10,000) equity shares of Ecophos GNFC Private Limited of Rs. 10/- each @ ##	**- ***	24.21
F) NIL (previous year 6,12,60,000) equity shares of Bhavnagar Energy Company Limited of Rs. 10/- each #	**-**	- *
G) 1 (previous year Nil) equity shares of Gujarat State Electricity Corporation Limited of Rs 10/- each @	**- ***	-
H) 1,35,30,000 (previous year 1,35,30,000) equity shares of Bharuch Dahej Railway Company Limited of Rs 10/- each @	**11.40**	14.90
I) 10 (previous year 10) shares of GESIA IT Association of Rs. 10/- each	**- ***	- *
	383.91	408.88
Total	**594.68**	730.39
Non-current	**595.93**	731.65
Current	**-**	-
Total investments	**595.93**	731.65
Aggregate book value of quoted investments and market value thereof	**210.77**	321.51
Aggregate amount of unquoted investments	**385.16**	410.14

* Amount nullified on conversion to Rs in Crores.

\# During the previous year, the Company had recognized losses on investment in unquoted equity shares of Bhavnagar Energy Company Limited (BECL) that got merged into Gujarat State Electricity Corporation Ltd (GSECL) vide Government of Gujarat notification dated August 27, 2018 for transfer and vesting in GSECL the undertaking of BECL in all respects by issuance of one equity share to each shareholder of BECL against the total number of shares held by them, and thus Company had valued such investment as at March 31, 2019 at the nominal consideration receivable of one share in GSECL resulting into aggregate losses of Rs. 36.38 crores recognized though other comprehensive income in the previous year.

\## M/s Ecophos GNFC Private Limited (EGIPL) is the joint venture company formed by the Company and M/s Ecophos S.A - a Belgium based Company for manufacturing of Di-Calcium Phosphate (DCP) at dahej location. The Company holds 15% shareholding of EGIPL amounting to Rs. 24.21 crores. During the year, M/s Eophos S.A. holding 85% shareholding of EGIPL has applied for bankruptcy. Consequently all the nominee directors of EGIPL, Managing Director and Company Secretary of EGIPL has resigned. Plant installation for manufacturing of DCP is yet to commence. Accordingly Company valued such investment as at March 31, 2020 at the nominal consideration of Rs. 1 in EGIPL resulting into aggregate losses of Rs. 24.21 crores recognised through other comprehensive income.

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

@ Company is carrying physical share certificate in respect of these investments.

(a) The fair value of the quoted equity investments are derived from quoted market prices in active market.

(b) Investments include investment in unquoted equity shares. Fair value of unquoted investment in equity instrument have been carried out by independent valuer using Net Assets Value model and comparable companies model following Market Approach and Income Approach. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk, volatility, net assets and market multiples. The probabilities of various estimates within the range can be reasonably assessed and are used in management's estimates for fair value for these unquoted equity instruments.

Reconciliation of fair value measurement of the investments in equity shares (Rs. in Crores)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Opening Balance	**730.39**	724.74
Add : Investment made during the year	-	12.00
Fair value (loss) / gain recognised in Other Comprehensive Income	**(135.70)**	(6.35)
Closing Balance	**594.69**	730.39

Note 8 : Loans and advances (Unsecured) (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Loans		
Unsecured - considered good		
Deposits with corporate	**165.00**	-
Loans to employees *	**18.86**	16.70
Total	**183.86**	16.70
Non-Current		
Loans		
Unsecured - considered good		
Deposits with corporate	**-**	160.00
Loans to employees *	**102.22**	87.37
Unsecured - considered doubtful		
Amount recoverable from employee	**1.57**	1.57
Less: Provision for doubtful loans	**(1.57)**	(1.57)
	-	-
Loan to other companies	**0.40**	0.40
Less: Provision for doubtful loans	**(0.40)**	(0.40)
	-	-
Total	**102.22**	247.37
Total loans and advances	**286.08**	264.07

* includes interest accrued Rs 3.78 crore (previous year Rs.3.07 crore) crores on current loans to employees and of Rs. 32.54 crore (previous year Rs. 32.94 crore) on non-current loans to employees.

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

Note 9 : Other financial assets (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Other financial assets		
Advances to GNFC Employee Provident Fund Trust (GNFC-EPFT) *	**758.92**	-
Dividend receivable	**-**	2.76
Accrued interest	**10.00**	7.40
Fair value of derivative contracts	**4.59**	-
Other receivables	**0.02**	0.01
Deposits with suppliers	**7.11**	7.11
Export Benefit Receivable	**2.18**	5.55
Total	**782.82**	22.83
Non-Current		
Other financial assets		
Deposits with suppliers	**14.34**	11.25
Other receivables	**-**	0.21
Total	**14.34**	11.46
Total other financial assets	**797.16**	34.29

* During the year, the Company has surrenderred its exemption to hold contribution in GNFC-EPFT to Employees' Provident Fund Organisation (EPFO) based on the Company's obligation as at March 31, 2020 by availing the option of depositing entire corpus of GNFC-EPFT in liquid cash to EPFO. On surrendering the exemption to hold the trust, GNFC-EPFT has deposited Rs 820.59 crores, being the amount equivalent to the statutory liabilities as at March 31, 2020 with the EPFO after obtaining advance from the Company. The Company recognised the shortfall/deficit of Rs. 61.67 crores between the value of investment portfolio and other assets held by GNFC-EPFT and its obligations to EPFO which was made good by the Company. Accordingly recoverable amount of Rs. 758.92 crores is shown as advance to GNFC-EPFT, which is equivalent to the fair value of investments, as evaluated by an independent valuers, and other assets held by GNFC-EPFT as at March 31, 2020.

Note 10 : Trade receivables (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables		
- Secured, considered good	**14.37**	8.96
- Unsecured, considered good	**211.87**	297.75
- Unsecured, Credit impaired	**9.47**	5.17
Subsidy receivables (Considered good)	**1,187.18**	933.48
	1,422.89	1,245.36
Less : Impairment Allowances (Allowance for doubtful debts)		
Trade receivables		
- Credit impaired	**(9.47)**	(5.17)
Total	**1,413.42**	1,240.19

Note: No trade or other receivables are due from Directors or other officers of the Company either severally or jointly with any other person; nor any trade or other receivables are due from firms or private companies in which any Director is a partner, a director or a member.

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

The fair value of trade receivables (including subsidy receivables) is not materially different from the carrying value presented.

Trade receivables are non interest bearing and are generally on terms of 30 to 90 days. Trade receivables of (n)Code division (IT) of Rs 91.80 crores (previous year Rs 112.91 crores) are governed by the terms of respective contract agreement.

Subsidy receivables represents amount receivable from government against sale of fertilizers.

Note 11: Other non-current assets **(Rs. in Crores)**

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Unamortized employee loan benefits	**29.75**	25.43
Capital advances	**38.07**	12.62
Deposits / Recoverable balances from customs, excise and others	**2.12**	12.02
Contract assets	**2.99**	-
Prepaid Expense	**4.46**	5.71
Unsecured - considered doubtful		
Advances to suppliers	**1.64**	5.67
Less: Provision for doubtful advances	**(1.64)**	(5.67)
	-	-
Balances / deposits of recoverable customs, taxes, cess etc.	**5.08**	5.08
Less: Provision for doubtful balances	**(5.08)**	(5.08)
	-	-
Receivable from others	**4.14**	-
Less: Provision for doubtful balances	**(4.14)**	-
	-	-
Total	**77.39**	55.78

Note 12 : Inventories (Valued at lower of Cost and Net realisable value) **(Rs. in Crores)**

Particulars		As at March 31, 2020		As at March 31, 2019
Raw materials		**191.99**		166.00
(Includes in transit inventory as on March 31, 2020 Rs.52.13 crore; as on March 31, 2019 - Nil)				
Work-in-progress		**84.90**		40.34
Finished goods*		**133.62**		138.85
Traded goods		**2.28**		2.44
Stores and spares (Including coal) (refer Note 4(e))	**522.05**		481.40	
(Includes in transit inventory as on March 31, 2020 Rs.0.55 crore; as on March 31, 2019 Rs. 0.03 crore)				
Less: Provison for Inventory obsolescence	**(2.49)**	**519.56**	-	481.40
Total		**932.35**		829.03

* During the current year the company has adjusted finished goods by Rs 3.50 crores (Previous year Rs. 14.57 crores) so as to value such inventories at net realizable value.

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

Note 13: Cash and cash equivalents

(Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents		
Balances with banks in:		
- Current accounts	**5.60**	3.62
- Debit balance in cash credit accounts	**0.82**	8.38
Cash on hand	**-**	0.24
Deposits with original maturities less than three months	**59.32**	152.00
Total	**65.74**	164.24

Changes in liabilities arising from financing activities:

(Rs. in Crores)

Particulars	As at April 01, 2019	Cash flows	Foreign exchange management	Changes in fair values	Other	As at March 31, 2020
Current borrowings (excluding items listed below)	207.93	650.71	-	-	-	**858.64**
Deposits from customers / vendors	47.78	19.10	-	-	-	**66.88**
Unclaimed dividends	10.01	0.56	-	-	-	**10.57**
Lease liability (refer note 39)	-	-	-	-	1.85	**1.85**
Total	**265.72**	**670.37**	**-**	**-**	**1.85**	**937.94**

Note 14 : Other bank balances

(Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks		
- Unpaid dividend accounts	**10.57**	10.01
- Bank balances in escrow accounts *	**15.56**	8.70
Deposit with original maturity of less than twelve[12] months but more than three months (Pledged with lenders and Government authorities)	**97.13**	51.96
Total	**123.26**	70.67

* Balances in escrow account represents amounts received on behalf of customers of (n)code division.

Note 15 : Other current assets

(Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Deposits / Recoverable balances from customs, excise and others	**38.19**	59.91
Advance to suppliers	**58.17**	45.92
Insurance claim receivable	**4.00**	-
Contract assets	**18.55**	19.49
Receivable from others	**4.76**	9.05
Prepaid expenses	**17.37**	5.03
Unamortized employee loan benefits	**5.67**	4.85
Energy savings certificates *	**-**	-
Total	**146.71**	144.25

* Amount nullified on conversion to Rs in Crores

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

Note 16 : Share capital (Rs. in Crores)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Authorised share capital				
Equity shares of Rs.10 each	**25,00,00,000**	**250.00**	25,00,00,000	250.00
	25,00,00,000	**250.00**	25,00,00,000	250.00
Issued, subscribed and fully paid up				
Equity shares of Rs.10 each subscribed and fully paid up	**15,54,18,783**	**155.42**	15,54,18,783	155.42
Total issued, subscribed and fully paid up share capital	**15,54,18,783**	**155.42**	15,54,18,783	155.42

16.1. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Rs. In crores	No. of shares	Rs. In crores
Equity Shares				
At the beginning of the year	**15,54,18,783**	**155.42**	15,54,18,783	155.42
Issued/reduction, if any during the year	**-**	-	-	-
Outstanding at the end of the year	15,54,18,783	**155.42**	15,54,18,783	155.42

16.2. Terms/rights attached to the equity shares

Rights preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having par value of Rs 10 per share, i.e. equity shares which rank pari passu in all respects. Each holder of equity share is entitled to one vote per share.

For the current financial year 2019-20, the Company has proposed dividend of Rs. 5 per equity share to equity shareholder (for the previous financial year dividend of Rs. 7 per share declared). The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

16.3. Number of Shares held by each shareholder holding more than 5% Shares in the Company

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Gujarat State Investments Ltd.	**3,32,27,546**	**21.38**	3,32,27,546	21.38
Gujarat State Fertilizers & Chemicals Ltd	**3,07,79,167**	**19.80**	3,07,79,167	19.80
Life Insurance Corporations of India	**1,17,91,612**	**7.59**	1,17,91,612	7.59

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

Note 17 : Other equity

Note 17.1 Reserves and surplus (Rs. in Crores)

Particulars	Capital reserve	Securities Premium	General reserve	Retained earnings	Total
As at April 01, 2018	**0.64**	**313.31**	**2304.76**	**1189.46**	**3,808.17**
Profit for the year				741.17	741.17
Re-measurement losses on defined benefit plans (net of tax)				(48.45)	(48.45)
Balance available for appropriation				**1,882.18**	**4,500.89**
Less : Appropriations					
Transfer to General reserve			175.00	(175.00)	-
Dividend				116.56	116.56
Tax on equity dividend				23.96	23.96
As at March 31, 2019	**0.64**	**313.31**	**2,479.76**	**1,566.66**	**4,360.37**
Profit for the year				498.85	498.85
Re-measurement losses on defined benefit plans (net of tax)				(14.42)	(14.42)
Balance available for appropriation				**2,051.09**	**4,844.80**
Less : Appropriations					
Dividend				108.79	108.79
Tax on equity dividend				22.36	22.36
As at March 31, 2020	**0.64**	**313.31**	**2,479.76**	**1,919.94**	**4,713.65**

Securities Premium:

Securities premium is used to record the premium on issue of shares. This reserve is utilized in accordance with the provision of section 52 (2) (c) of the Companies Act, 2013.

Note 17.2 Other comprehensive income (OCI) (Rs. in Crores)

Particulars	Net gain / (loss) on FVTOCI equity Investments	Total
As at April 01, 2018	**494.39**	**494.39**
Other comprehensive (expense) during the year		
Net (loss) on FVTOCI equity investments for the year	(6.35)	(6.35)
Income tax effect	(6.73)	(6.73)
As at March 31, 2019	**481.31**	**481.31**
Other comprehensive (expense) during the year		
Net (loss) on FVTOCI equity investments for the year	(135.70)	(135.70)
Income tax effect	7.82	7.82
As at March 31, 2020	**353.43**	**353.43**

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

Note 17.3 Dividend distribution made and proposed (Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cash dividends on equity shares declared and paid		
Final dividend for year ended March 31, 2019: Rs. 7 per share (March 31, 2018: 7.5 per share)	**108.79**	116.56
Dividend distribution tax on final dividend	**22.36**	23.96
	131.15	140.52
Proposed dividends on equity shares		
Final cash dividend proposed for the year ended March 31, 2020: Rs. 5 per share (March 31, 2019: Rs.7 per share)	**77.71**	108.79
Dividend distribution tax on proposed dividend	**-**	22.36
	77.71	131.15

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at balance sheet date.

Note 18 : Borrowings (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Short-term interest bearing borrowings		
Secured		
From Bank - cash credit and overdraft accounts	**25.66**	55.01
Other loans and advances from banks *	**382.98**	152.92
Unsecured		
Loan repayable on demand from others	**450.00**	-
Total	**858.64**	207.93

* Includes the borrowing availed against Special Banking Arrangement (SBA) of Rs. 232.98 crore (previous year Rs. 152.92 crore) as approved by Ministry of Finance, Department of Economic Affairs to enable the indigenous Urea and P&K manufacturers to raise loans from Punjab National Bank against outstanding subsidy receivables from the Government of India (GOI).

Terms of repayment, interest and secured

SBA carries interest rate of 6.15% p.a. (8.20% p.a previous year) of which GOI shall be bearing 6.15% p.a (7.72% p.a. previous year) and Nil (0.48% p.a. previous year) shall be borne by the Company.

SBA is secured by hypothecation of subsidy receivables in respect of indigenous urea and P&K as identified and lien marked by Government of India. SBA is further secured by letter of comfort from Department of Fertilizers (DOF), GOI for timely payment of principle and interest to the extent of 6.15%. Per annum.

SBA is repayable within maximum period of 60 days from the date of disbursement with one day prior notice.

Security details

Short term borrowings from banks as cash credit and overdraft accounts of Rs. 25.65 Crore (March 31, 2019: Rs. 55.01 Crore) and otehr loans and advances from banks of Rs. 382.98 (March 31, 2019: Rs. 152.92 Crore) are secured by first charge by way of hypothecation of inventories and trade receivables and all other movable assets, both present and future and further secured by second charge by way of mortgage on all immovable properties. These charges are ranking pari-passu among the working capital lenders.

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

Interest rate details for short term borrowings:

(i) Cash credit facilities and overdrafts carries interest rates ranging from 7.55% p.a. to 8.35% p.a.

(ii) SBA Loan of Rs. 232.98 crore under Other loans and advances from banks carries interest rate of Nil.

(iii) Other short term loan of Rs. 150 crore under Other loans and advances from banks carries interest rate of 6.85% p.a.

(iv) Loan repayable on demand from others includes loan from GSFS carries interest rate of 7% p.a.

Note 19 : Trade payables **(Rs. in Crores)**

Particulars	As at March 31, 2020	As at March 31, 2019
(A) total outstanding dues of micro, small and medium enterprises	**32.56**	31.36
(B) total outstanding dues of creditors other than micro, small and medium enterprises	**480.84**	363.39
Total	**513.40**	394.75

(Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"):		
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	**32.56**	31.36
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**-**	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	**-**	-
(iv) The amount of interest due and payable for the year	**-**	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	**-**	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	**-**	-

Dues to Micro Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

Note 20 : Other current financial liabilities **(Rs. in Crores)**

Particulars	As at March 31, 2020	As at March 31, 2019
Liability towards capital grant received (net) *	**85.06**	85.06
Deposits / retention money from customers / vendors / others	**66.88**	47.78
Payable for capital goods	**9.75**	23.82
Rebate / discounts payable to customers	**37.34**	15.83
Interest accrued but not due on borrowings	**0.23**	-
Unclaimed dividends #	**10.57**	10.01
Total	**209.83**	182.50

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

(*) Represents the liability towards Grant received, pending settlement, by the Company against feed stock conversion project from 'LSHS/ FO' to 'Gas' as disclosed in Note 22.

Not due for credit to "Investors Education and Protection Fund."

Note 21 : Provisions (Non-current) (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for leave encashment	**183.87**	177.73
Provision for post retirement medical benefit (refer Note 41)	**59.32**	47.92
Expected loss of PF trust *	**-**	10.25
Total	**243.19**	235.90

* As a matter of prudence, during the previous year the Company had provided Rs.10.25 Crore towards probable incremental employee benefit liability that may arise on the Company on account of any likely deficit in the GNFC-EPFT in meeting its obligations.

During the year, the Company has surrenderred its exemption to hold contribution in GNFC-EPFT to Employees' Provident Fund Organisation (EPFO) based on the Company's obligation as at March 31, 2020 by availing the option of depositing entire corpus of GNFC-EPFT in liquid cash to EPFO. On surrendering the exemption to hold the trust, GNFC-EPFT has deposited Rs 820.59 crores, being the amount equivalent to the statutory liabilities as at March 31, 2020 with the EPFO after obtaining advance from the Company. The Company recognised the shortfall/deficit of Rs. 61.67 crores between the value of investment portfolio and other assets held by GNFC-EPFT and its obligations to EPFO which was made good by the Company. Accordingly provision of Rs. 10.25 crore provided in earlier year is reversed during the current year.

Note 22 : Government grant (Deferred Income) (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Grant from Government of India (refer note a)	**60.65**	60.65
Government grant of Export Promotion Capital Grant (EPCG) (refer note b)	**1.85**	5.00
Total	**62.50**	65.65
Non Current		
Grant from Government of India (refer note a)	**758.16**	818.82
Other Government grant	**1.00**	1.00
Total	**759.16**	819.82
Total government grant (deferred income)	**821.66**	885.47

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

(a) Movement in Grant from Government of India (Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening	**879.47**	940.12
Released to statement of profit and loss	**(60.66)**	(60.65)
Closing	**818.81**	879.47

The Company was eligible for capital grant from Government of India, Ministry of Chemicals & Fertilizers, Department of Fertilizers (DoF) for feed stock conversion project from 'LSHS/FO' to 'Gas' vide sanction letter no 14023/22/2007-FP dated 14.12.2009 as the Company fulfilled the conditions attached to the grant approved by DoF. Accordingly, the grant of Rs. 1,215.74 crore was recorded as contemplated under Para 7 and 12 of Ind AS - 20 on 'Accounting for Government Grants and Disclosure of Government Assistance'. The aforesaid grant have been disbursed by the Government of India. Further on scrutiny of project cost by the Government appointed team, the Grant amount was finalised at Rs. 1,213.06 crore. During the previous year, the government disbursed:

- Rs. 89.18 crore on account of capital grant. Cumulative capital grant received upto March 31, 2019 was Rs.1,146.43 crores against total receivable of Rs 1,213.06 crores and
- Rs. 27.31 crores towards reimbursement of borrowing cost as grant. Cumulative reimbursement of borrowing costs received upto March 31, 2019 was Rs.348.45 crores against the total borrowing cost incurred of Rs.195.47 crores.

Accordingly, the Company, pending settlement, recorded a net liability of Rs 85.06 crores (net of adjustment of receivable against return on investment of Rs.1.29 crores as at March 31, 2020) against amount received over and above the actual grant receivable. (refer note 20).

(b) Movement in Government grant of EPCG (Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening	**5.00**	5.00
Add: New EPCG licence received during the year.	**1.74**	-
Less: Released to statement of profit and loss	**(4.89)**	-
Closing	**1.85**	5.00

Note 23 : Other current liabilities (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory and other liabilities	**13.07**	16.65
Other current liabilities (Refer Note 43(A))	**34.90**	50.56
Contract liabilities (including advance from customers)	**20.33**	17.53
Total	**68.30**	84.74

Note 24 : Provisions (current) (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for gratuity (Refer Note 41)	**1.59**	-
Provision for leave encashment	**55.85**	59.11
Provision for contingencies (refer note a)	**3.04**	3.04
Provision for post retirement medical benefit (Refer Note 41)	**1.80**	1.58
Total	**62.28**	63.73

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

Note: a

The Company had created a contingency provision of Rs. 3.04 crore during the previous year for possible contractual obligation of IT business. The movement of other provision is as under:

(Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	**3.04**	12.66
Provision made during the year	**-**	3.04
Amount utilised / reversed during the year	**-**	(12.66)
Closing balance	**3.04**	3.04

Note 25 : Income Tax

The major component of income tax expenses for the year ended March 31, 2020 and March 31, 2019 are as under

a) **Statement of Profit and Loss Section** (Rs. in Crores)

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
Current Income tax			
Current tax charges	A	**75.51**	244.32
Excess tax provision write back of earlier years (refer note (h) below)	B	**(10.64)**	(133.86)
Deferred Tax			
Relating to origination and reversal of temporary differences		**0.52**	(32.26)
Relating to reversal of liabilities on account of change in tax rates (refer note (i) below)		**(127.23)**	-
Tax (credit) under Minimum Alternate tax		**(12.23)**	-
	C	**(138.94)**	(32.26)
Tax Expense reported in the Statement of Profit and Loss	A + B + C	**(74.07)**	78.20
Other Comprehensive Income ('OCI') Section			
Income tax / Deferred tax related to items recognised in OCI during the year			
Remeasurement losses on defined benefit plans, credit		**3.05**	26.02
Unrealised loss on FVTOCI equity investments, credit / (charge)		**7.82**	(6.73)
		10.87	19.29

b) **Balance Sheet Section** (Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Liabilities for current tax (net)	**24.14**	22.80
Income tax assets (net)	**(11.47)**	(23.16)
Net Tax Provision Outstanding	**12.67**	(0.36)

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

c) **Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2020 and March 31, 2019** (Rs. in Crores)

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
	%	Amount	%	Amount
Profit Before tax		**424.78**		819.37
Tax using domestic tax rate for Company	**34.94**	**148.44**	34.94	286.32
Tax Effect of:				
Income exempted from tax	**(0.39)**	**(1.66)**	(0.30)	(2.46)
Deduction u/s 80IA	**(19.52)**	**(82.92)**	(8.49)	(69.54)
Expenses with weighted deduction in tax	**(0.09)**	**(0.39)**	(0.06)	(0.52)
Non-deductible expenses	**0.62**	**2.62**	0.27	2.24
Sale of assets	**0.01**	**0.05**	0.24	1.99
Opening Right of Use Asset - Ind AS 116	**(0.31)**	**(1.32)**	-	-
Realised gain on ECB derivative	**-**	**-**	(0.06)	(0.52)
Adjustment in depreciation net book value of assets	**0.48**	**2.05**	(0.67)	(5.45)
Reversal of deferred tax liability on account of change in tax rate (refer note (i) below)	**(29.95)**	**(127.23)**	-	-
Other adjustments	**(0.72)**	**(3.07)**	-	-
Effective tax rate and tax	**(14.93)**	**(63.43)**	25.88	212.06
Excess tax provision write back of earlier years	**(2.50)**	**(10.64)**	(16.34)	(133.86)
Tax expenses as per Books	**(17.44)**	**(74.07)**	9.54	78.20

d) **Deferred Tax Liability (net)** (Rs in Crores)

Particulars	Balance Sheet as at		Statement of Profit and Loss	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
(Liability) on Accelerated depreciation for tax purpose	**(650.19)**	(873.65)	**(223.46)**	(30.59)
Assets on provision for Leave encashment	**69.55**	80.03	**10.48**	(22.75)
Assets on deferrd government grant of ASGP	**223.87**	307.32	**83.45**	21.20
Assets on deferrd government grant of EPCG	**0.03**	1.75	**1.72**	-
Assets on Provision for doubtful debts and advances	**13.59**	14.76	**1.17**	1.10
(Liability) on equity investment FVTOCI	**(22.58)**	(30.40)	**(7.82)**	6.73
Assets on other adjustments	**2.59**	2.52	**(0.07)**	(1.22)
Total	**(363.14)**	(497.67)	**(134.53)**	(25.53)

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

e) Deferred tax liabilities reflected in the balance sheet as follows (Rs in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax liabilities	**363.14**	497.67
Less :Tax credit entitlement under MAT	**(47.06)**	(30.99)
Deferred tax liabilities (net)	**316.08**	466.68

f) Reconciliation of deferred tax liabilities (net) (Rs in Crores)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Opening balance as of April 01, 2019	**466.68**	478.67
Tax expenses during the period recognised in statement of profit and loss	**0.52**	(32.26)
Tax (credit) on reversal of liabilities on account of change in tax rates (refer note (i) below)	**(127.23)**	-
Tax (credit) under Minimum Alternate tax (previous year amount pertains to earlier years)	**(16.07)**	(58.20)
Tax credit during the period recongnised in OCI	**(7.82)**	6.73
Utilisation of MAT credit entitlement	**-**	71.74
Closing balance as of March 31, 2020	**316.08**	466.68

g) During the year the Company made tax provision as per the Minimum Alternate Tax (MAT) in terms of the provisions of section 115JB of the Income Tax Act of Rs 75.51 crore. In the previous year the company had made tax provision as per normal income tax provisons of the Income Tax Act, 1961 of Rs. 244.32 crore.

h) Based on reconciliation of income tax liabilities pertaining to current tax provision of earlier years as per books of account with tax liabilities acknowledged in respective year's income tax return / assessed tax liabilities, excess tax provision aggregating to Rs. 10.64 crores (previous year Rs. 133.86 crores) related with earlier years has been written back in the books.

i) Pursuant to the Taxation Laws (Amendment) Act, 2019, a new section 115BAA is inserted in the Income Tax Act, 1961 which provides an option to the domestic companies to pay income tax at lower rate subject to the giving up of certain incentives and deductions. The Company has made an assessment of the impact of the above section and decided to continue with existing taxation structure to avail tax incentives and deductions available to the Company. However, the Company has applied the lower income tax rates on the deferred tax liabilities on account of temporary differences to the extent these are expected to be realized or settled in the future period when the Company may be subjected to lower tax rate. Accordingly, Company has reversed net deferred tax liability of Rs.127.23 crores during the current year.

j) The Company has following unutilised MAT credit under the Income Tax Act, 1961 for which deferred tax assets has been recongnised in the Balance Sheet at.

Financial Year	Amount (Rs. in Crores)	Year of expiry
2016-17	34.83	2031-32
2019-20	12.23	2034-35
Total	**47.06**	

k) During the year ended March 31, 2020, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity. (refer Note 17.3).

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

Note 26 : Revenue from operations (Rs in Crores)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
26.1		
Sale of products		
Own products (refer below note 26.2)	5,063.58	5,749.44
Traded products	18.57	49.03
	5,082.15	5,798.47
Rendering of services	61.32	66.43
Other operating revenue		
Export incentive	6.93	15.47
Purchase Tax reimbursement	-	6.93
Recovery of administrative charges (Fly Ash)	6.66	4.32
Sale of scrap / surplus / unserviceable materials	5.36	4.40
	18.95	31.12
Total	5,162.42	5,896.02
26.2 Sale of own products above includes:		
Subsidy from Government of India under New Urea Policy / Retention Price Scheme/Nutrient Based Subsidy Scheme		
- Pertaining to current year	1,319.52	1,259.06
- Pertaining to earlier year determined during current year	180.74	20.41
Total	1,500.26	1,279.47
26.3 Timing of revenue recognition		
Goods transferred / services rendered at point in time	5,136.39	5,882.38
Services transferred over time	26.03	13.64
Total	5,162.42	5,896.02

26.4 There are no inter-segment transfers in case of revenue from contracts with customers, accordingly no reconciliation is required with amounts disclosed in the segment information.

26.5 Reconciliation of amounts of revenue recognized in the statement of profit and loss with the contracted price.

(Rs. in Crores)

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
Gross Revenue as per contracted price with customer		3,952.69	4,853.92
Adjustments:			
Rebates / discounts / incentives		(259.75)	(206.91)
Dearler's margin		(30.78)	(30.46)
Net Revenue as per contracted price with customer	A	3,662.16	4,616.55
Subsidy income from Governement of India	B	1,500.26	1,279.47
Total Revenue from operations	A+B	5,162.42	5,896.02

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

Note 27 : Other income

(Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Grant income	**65.55**	64.56
Interest income * @	**45.05**	49.54
Rent income	**12.49**	12.37
Gain (adjustment) on decapitalisation of property, plant and equipment	**0.10**	8.40
Unclaimed loans / liabilities written back $	**3.75**	33.91
Dividend income **	**4.76**	7.05
Exchange variance gain on monetary items	**4.65**	6.16
Excess provision of doubtful debt written back	**-**	4.01
Insurance claim	**11.42**	23.65
Gain on Lease modification/ termination (net of losses)	**0.01**	-
Miscellaneous income	**4.89**	10.89
Total	**152.67**	220.54

* Including Rs. 5.49 crore (previous year Rs. 8.88 crore) on FVTPL Financial Assets.

@ Includes Rs. 4.53 crore (previous year Rs. 22.31 crore) interest on income tax refunds.

$ During the previous year, the company had written back loan from Government of Gujarat that was received by the company during financial years 1979 to 1984 pursuant to then prevailing water supply scheme. Over the years the company had also accrued interest liability of Rs. 10.21 crores on such loan. Since there has been no demand by the Government of Gujarat since disbursement of such loan to recover such loan, the company had written back the liability.

** Including Rs. 4.69 crore (previous year Rs. 6.98 crore) on FVTOCI Financial Assets.

Note 28 : Cost of raw materials consumed

(Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Inventory at the beginning of the year	**166.00**	97.85
Add : Purchases	**2,760.03**	2,916.26
	2,926.03	3,014.11
Less : Inventory at the end of the period	**192.14**	166.00
Total	**2,733.89**	2,848.11

Note 29A : Purchase of traded goods

(Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Purchase of traded goods	**16.11**	17.22
Total	**16.11**	17.22

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

Note 29B : Purchase of goods and services IT division (Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Purchase of goods and services IT division	**26.93**	44.53
Total	**26.93**	44.53

Note 30 : Changes in inventories of finished goods, work-in-progress and traded goods (Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Inventory at the beginning of the year		
Work-in-progress	**40.34**	35.06
Finished goods	**138.85**	93.97
Traded goods	**2.44**	3.36
	181.63	132.39
Inventory at the end of the period		
Work-in-progress	**84.90**	40.34
Finished goods	**133.62**	138.85
Traded goods	**2.28**	2.44
	220.80	181.63
Total	**(39.17)**	(49.24)

Note 31 : Employee benefits expense (Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	**358.94**	403.74
Contribution to provident and pension fund (refer Note 41) *	**55.97**	39.25
Contribution and provision towards gratuity (refer Note 41)	**15.47**	11.04
Employees' welfare expenses	**43.42**	59.35
Loss on transfer of GNFC EPF trust to EPFO *	**39.50**	10.25
Total	**513.30**	523.63

* During the year, the Company has surrenderred its exemption to hold contribution in Employees' Provident Fund Trust of the Company (GNFC-EPFT) to Employees' Provident Fund Organisation (EPFO) based on the statutory obligation as at March 31, 2020 by availing the option of depositing entire corpus of GNFC-EPFT in liquid cash to EPFO against advance from the Company. As per the arrangement, the Company has acquired the investment portfolio and other assets from GNFC-EPFT for Rs 758.92 crores, equivalent to the fair value of investments and other assets held by GNFC-EPFT as at March 31, 2020.

The shortfall/deficit of Rs. 61.67 crores between the value of investment portfolio held by GNFC-EPFT and GNFC-EPFT obligation to EPFO was made good by the Company. Out of shortfall/ deficit, the Company, as a matter of prudence, had provided Rs 10.25 crores in the financial statements for the year ended March 31, 2019 on account of any likely deficit in the GNFC-EPFT in meetings its obligation and accordingly, net loss of Rs 51.42 crores is accounted under Employee benefit expenses in the financial statements for the year ended March 31, 2020. Out of this, Rs. 11.92 Crores pertains to interest shortfall between interest earned by GNFC-EPFT and the interest notified by the Government for FY 2019-20 recognised under the head contribution to provident fund and balance of Rs 39.50 Crores pertains to shortfall between the provident fund liability and the fair value of investments and other assets at March 31, 2020 recognised as loss on transfer of GNFC-EPFT to EPFO.

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

Note 32 : Finance costs (Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest on borrowings	**1.66**	2.94
Interest others	**1.38**	0.27
Other borrowing costs	**-**	0.83
Bank charges and commission	**2.02**	2.34
Interest on lease liability (refer Note 39)	**0.21**	-
Total	**5.27**	6.38

Note 33 : Depreciation and amortization expense (Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on property, plant and equipment (refer Note 4)	**259.18**	259.77
Depreciation on investment property (refer Note 5)	**0.42**	0.43
Amortization on intangible assets (refer Note 6)	**2.74**	2.75
Depreciation on RoU assets (refer Note 39)	**1.99**	-
Total	**264.33**	262.95

Note 34 : Other expenses (Rs. in Crores)

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
Stores, chemicals and catalysts		**92.13**		113.67
Packing expenses		**76.38**		89.05
Insurance		**26.27**		10.05
Repairs and maintenance :				
- Building	**5.93**		8.58	
- Plant and equipment	**112.48**		162.41	
- Others	**7.04**	**125.45**	5.40	176.39
Material handling expenses		**9.83**		9.74
Outward freight and other charges		**98.45**		106.68
Sales promotion expenses		**1.24**		2.58
Selling commission		**0.24**		0.81
Rates & taxes		**3.50**		5.91
Operating lease rent		**4.36**		7.77
Printing & stationery, communication and advertisement expense		**2.16**		8.11
Traveling and conveyance expenses		**3.32**		4.93
Fire fighting, safety and security expenses		**8.04**		7.84
Processing charges to contractors		**-**		2.92
Electricity charges		**3.71**		3.72
Professional and consultancy charges		**3.79**		4.70

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

Note 34 : Other expenses (Contd...) (Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Payment for contract services	**13.33**	13.85
Loss on sale / discard of property, plant and equipment (net)	**0.15**	5.69
Director's fees	**0.08**	0.09
Payment to auditors (refer note (a) below)	**0.49**	0.61
Contributions towards Corporate Social Responsibilities (refer Note 40)	**4.20**	3.51
Premium on forward contracts	**0.42**	0.73
Provision for Diminution in Value of Investments	**0.01**	-
Provision for doubtful debts / advances	**8.44**	0.21
Provision for Inventory obsolescence	**2.49**	-
Unrealised subsidy balances written off (refer Note 44)	**-**	127.38
Bad debts written off	**0.33**	0.21
Contingencies cost (refer Note 24)	**-**	3.04
Impairment - capital work in progress	**4.68**	2.93
Provision for Energy Savings Certificates	**-**	1.60
Miscellaneous expenses	**46.86**	38.62
Total	**540.35**	753.34

(a) Payment to auditors includes following :

Payments to Statutory Auditors comprise: (Net of GST Input Credit, where applicable)		
As auditor:		
(i) Statutory Audit Fees	**0.16**	0.15
(ii) Limited review Fees	**0.13**	0.13
In other capacity:		
(i) Certification fees	**0.19**	0.27
(ii) Others	**-**	0.05
Reimbursement of Expenses	**0.01**	0.01
Total	**0.49**	0.61

Note 35 : Earning per share (Rs. in Crores)

Particulars	Unit	Year ended March 31, 2020	Year ended March 31, 2019
Net profit after tax	Rs. in Crore	**498.85**	741.17
Weighted average number of equity shares of nominal value of Rs. 10 each in calculating Earnings Per Share	Nos.	**15,54,18,783**	15,54,18,783
Basic and diluted earnings per share	Rs.	**32.10**	47.69

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

Note 36 : Contingent liabilities and other commitments (to the extent not provided for) **(Rs. in Crores)**

Particulars	As at March 31, 2020	As at March 31, 2019
(A) Contingent liabilities		
(i) Claims against the Company not acknowledged as debts	**226.21**	217.93
(ii) Income tax assessment orders contested	**42.95**	27.19
(iii) Demands in respect of Central Excise Duty, Custom Duty, Service Tax, GST and Value Added Tax as estimated by the Company	**190.24**	219.38
Total contingent liabilities	**459.40**	464.50
In respect of the above, the expected outflow will be determined at the time of final resolution of the dispute.		
(B) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**163.90**	120.24
(C) Other commitments		
(i) Export obligation on account of benefit of concessional rate of Custom duty availed under EPCG license scheme on imports of capital goods.	**35.22**	-
Total other commitments	**35.22**	-

Note 37 : Related party disclosures

Related party disclosures, as required by Ind AS-24, "Related Party Disclosures", are given below:

(i) Related parties with whom transactions have taken place during the period:

Associate	: Gujarat Green Revolution Company Limited
Wholly Owned Subsidiary	: Gujarat Ncode Solutions Limited (under process of stricke off)
Key Management Personnel and their relatives	: Dr J N Singh, IAS, Chairman & Director #
	Shri Anil Mukim, IAS, Chairman & Director *
	Shri M S Dagur, IAS, Managing Director
	Dr. Rajiv Kumar Gupta, IAS, Managing Director ^^
	Smt. Mamta Verma, IAS, Director
	Shri Sujit Gulati, IAS, Director **
	Smt. Gauri Kumar, IAS, (Retd.), Director $
	Prof. Arvind Sahay, Independent Director
	Shri C S Mani, Independent Director ***
	Shri Sunil Parekh, Independent Director
	Shri Piruz Khambatta, Independent Director
	Shri B B Bhayani, Independent Director @
	Shri V D Nanavaty, Director $$
	Shri D V Parikh, GM (Finance) & Chief Financial Officer
	Shri A C Shah, GM (Legal) & Company Secretary $$$
	Shri T J Lakhmapurkar, GM (Legal) & Company Secretary @@

Ceases to be Director and Chairman w.e.f 06.12.2019 upon his superannuation from services of Govt of Gujarat.

* Appointed as Director and Chairman w.e.f 13.12.2019.

^^ Resigned as managing director w.e.f 15.07.2018.

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

** Resigned from board w.e.f 30.01.2020.
*** Resigned from board w.e.f 22.07.2019
$$ Resigned from board w.e.f 03.10.2018
@@ Resigned as CS with effect from 10.02.2020.
$ Appointed as Director w.e.f 30.03.2020.
@ Appointed as Director w.e.f 11.02.2020.
$$$ Apointed as CS with effect from 11.02.2020.

Entities over which Key Management Personnel having significant influence : Ecophos GNFC India Private Limited *

* Managing Director of GNFC has resigned from the post of Chairman in Ecophos GNFC India Private Limited w.e.f 06.03.2020. (Refer Note 7)

(ii) Aggregate of transactions for the year with these parties have been given below: **(Rs. in Crores)**

Name of the Company	Nature of transactions	Year Ended March 31, 2020	Year Ended March 31, 2019
Gujarat Green Revolution Company Limited	Sale of goods and services	- *	0.01
	Dividend received	**0.06**	0.06
Ecophos GNFC India Private Limited	Provision for receivable amount	**3.48**	-
	Receivable as on 31.03.2020	**3.48**	3.48
Gujarat Ncode Solutions Limited	Advance to meet Expenses	- *	-
	Expenses recovered	- *	-
	Receivable Written off	**0.04**	-
	Receivable as on 31.03.2020	-	0.04

* Amount nullified on conversion to Rs in Crores

(Amount in Rs.)

Name of the Person	Nature of transactions	Year Ended March 31, 2020	Year Ended March 31, 2019
Dr J N Singh, IAS @	Sitting Fees	**45,000**	60,000
Shri M S Dagur, IAS, Managing Director	Managerial remuneration	**22,88,416**	37,74,110
Dr. Rajiv Kumar Gupta, IAS, Managing Director	Managerial remuneration	-	2,28,595
Shri Anil Mukim, IAS @	Sitting Fees	**15,000**	-
Smt. Mamta Verma, IAS @	Sitting Fees	**1,50,000**	2,25,000
Shri Sujit Gulati, IAS @	Sitting Fees	**60,000**	30,000
Shri C S Mani	Sitting Fees	-	2,25,000
Prof Arvind Sahay	Sitting Fees	**1,20,000**	75,000
Shri Sunil Parekh	Sitting Fees	**3,45,000**	2,25,000
Shri V D Nanavaty	Sitting Fees	-	45,000
Shri B B Bhayani	Sitting Fees	**15,000**	-
Shri D V Parikh	Remuneration	**38,57,619**	37,28,614
Shri A C Shah	Remuneration	**2,97,725**	-
Shri T J Lakhmapurkar	Remuneration	**30,92,003**	32,18,233

@ Amount deposited in Government Treasury

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

Note 38 : Research and development expenses

The statement of profit and loss includes following nature of research & development expenses in the respective heads:

(Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Personnel expenses	**2.01**	1.67
Consumables and spares	**0.18**	0.47
Power and fuel consumption	**0.07**	0.08
Total research and development expenses	**2.26**	2.22

Note 39 : Leases:

Company as a lessee

The Company has taken various land, warehouses, godowns, guest houses, office premises and vehicles used in its operations. These are generally cancellable having a term between one to three year extendable for further period as per the terms of lease agreements.

The Company also has certain leases of warehouses, godowns, office premises and vehicles with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases

Set out below are the carrying amounts of right-of-use assets recognised as per Ind AS 116 and the movements during the period:

(Rs. in crores)

Particulars	Land	Building	Vehicles	Total
As at April 01, 2019	-	-	-	-
On adoption of Ind AS 116	0.08	1.95	1.43	3.46
Additions	-	0.66	-	0.66
Deletion / Termination	-	(0.47)	-	(0.47)
Depreciation for the year	(0.01)	(0.97)	(1.01)	(1.99)
Dep on Disposals / termination	-	0.12	-	0.12
As at March 31, 2020	**0.07**	**1.29**	**0.42**	**1.78**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

(Rs. In crores)

Particulars	Amount
As at April 01, 2019	-
On adoption of Ind AS 116	3.46
Additions	0.66
Accretion of interest	0.21
Payments	(2.13)
Lease termination	(0.35)
As at March 31, 2020	**1.85**
Current	**1.18**
Non-Current	**0.67**

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

The maturity analysis of lease liabilities are disclosed in Note 48.

The effective interest rate for lease liabilities is 8.70%, with maturity between 2020-2028.

The following are the amounts recognised in profit and loss:

(Rs. In Crores)

Particulars	Amount
Depreciation expense of right-of-use assets	**1.99**
Interest expense on lease liabilities	**0.21**
Expense relating to short-term leases (included in other expenses)	**4.36**
Variable lease payments (included in other expenses)	**-**
Total amount recognised in profit and loss	**6.56**

Company as a lessor

The Company has entered into operating leases on its investment property portfolio consisting of certain office. Rent income also includes rentals received from lease of office premises. These leases is generally for a period of three to four years. There are no restrictions imposed by lease arrangements.

Future minimum rentals receivable under non-cancellable operating leases as at March 31 are as follows:

(Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Not later than one year	-	0.23
Later than one year not later than five years	-	-
Later than Five years	-	-
Total	-	0.23

Note 40: Corporate social responsibility (Rs in Crores)

	Particulars		Year ended March 31, 2020	Year ended March 31, 2019
a)	**Gross amount required to be spent by the Company during the year:**		**16.01**	12.20
b)	**Amount spent during the year ended on March 31, 2020**	**In cash**	**Yet to be paid in cash**	**Total**
	(i) Construction/acquisition of any asset	-	-	-
	(ii) On purpose other than (i) above	**4.20**	**11.81**	**16.01**
c)	**Amount spent during the year ended on March 31, 2019**			
	(i) Construction/acquisition of any asset	-	-	-
	(ii) On purpose other than (i) above	3.51	8.69	12.20

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

Note 41: Gratuity and other post employment benefit plans:

A. Defined contribution plans:

Amount of Rs. 55.97 Crores (March 31, 2019: Rs. 39.25 Crores) is recognised as expenses and included in note no. 31 "Employee benefit expense"

(Rs in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Provident fund *	**35.26**	21.94
Contribution to pension scheme	**20.71**	17.31
	55.97	39.25

* Includes Rs. 11.92 crores paid towards interest shortfall between interest earned by GNFC-EPFT and the interest notified by the Government for FY 2019-20 (refer Note 31).

B. Defined benefit plans:

The Company has following post employement benefits which are in the nature of defined benefit plans:

(a) Gratuity

(b) Post retirement medical benefit

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity as per payment of Gratuity Act, 1972. The Scheme is funded with Gratuity Trust, which in turn makes contribution to Life Insurance Corporation of India (LIC) in the form of qualifying insurance policy for future payment of gratuity to the employees.

Each year the management reviews the level of funding in the gratuity fund. Such review includes the asset - liability matching strategy. The management decides its contributions based on the results of this review. The management aims to keep annual contributions relatively stable at a level such that no plan deficit (based on valuation performed) will arise.

The plan for the Post retirement medical benefit is unfunded.

The following table summarises the components of net benefit expense recognised in statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

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

March 31, 2020 : Changes in defined benefit obligations and plan assets **(Rs. In Crores)**

		Cost charged to statement of profit and loss				Remeasurement gains/(losses) in other comprehensive income (OCI)					Contributions by employer	March 31, 2020
	April 1, 2019	Service cost	Net interest expense	Sub-total included in statement of profit and loss	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		
Gratuity												
Defined benefit obligation	(303.67)	(15.47)	(24.11)	(39.58)	33.50	-	-	(22.97)	13.56	(9.41)	-	**(319.16)**
Fair value of plan assets	303.67	-	24.11	24.11	(33.50)	(1.34)	-	-	-	(1.34)	24.63	**317.57**
Benefit (liability) / Assets	**-**	**(15.47)**	**-**	**(15.47)**	**-**	**(1.34)**	**-**	**(22.97)**	**13.56**	**(10.75)**	**24.63**	**(1.59)**
Post retirement medical benefit												
Defined benefit obligation	(49.50)	(2.75)	(3.92)	(6.67)	1.77	-	-	(8.88)	2.16	(6.72)	-	**(61.12)**
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	**-**
Benefit (liability) / Assets	**(49.50)**	**(2.75)**	**(3.92)**	**(6.67)**	**1.77**	**-**	**-**	**(8.88)**	**2.16**	**(6.72)**	**-**	**(61.12)**

March 31, 2019 : Changes in defined benefit obligations and plan assets **(Rs. In Crores)**

		Cost charged to statement of profit and loss				Remeasurement gains/(losses) in other comprehensive income (OCI)					Contributions by employer	March 31, 2019
	April 1, 2018	Service cost	Net interest expense	Sub-total included in statement of profit and loss	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		
Gratuity												
Defined benefit obligation	(222.83)	(11.04)	(17.96)	(29.00)	20.23	-	-	(11.74)	(60.33)	(72.07)	-	(303.67)
Fair value of plan assets	222.83	-	17.96	17.96	(20.23)	(2.00)	-	-	-	(2.00)	85.11	303.67
Benefit (liability) / (Assets	-	(11.04)	-	(11.04)	-	(2.00)	-	(11.74)	(60.33)	(74.07)	85.11	**-**
Post retirement medical benefit												
Defined benefit obligation	(44.15)	(2.46)	(3.54)	(6.00)	1.05	-	-	(0.76)	0.36	(0.40)	-	(49.50)
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-
Benefit (liability) / Assets	(44.15)	(2.46)	(3.54)	(6.00)	1.05	-	-	(0.76)	0.36	(0.40)	**-**	(49.50)

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

The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Insurance fund with LIC *	**100%**	100%

* As the gratuity fund is managed by LIC, details of fund invested by insurer are not available with the Company.

The principal assumptions used in determining above defined benefit obligations for the Company's plans are shown below:

Particulars	Gratuity		Post retirement medical benefit	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Discount rate	**6.89%**	7.94%	**6.81%**	7.92%
Future salary increase	**9% and 7% as per catagory**	7.00%	**N.A**	N.A
Medical Inflation Rate	**N.A**	N.A	**5.00%**	5.00%
Expected rate of return on plan assets	**6.89%**	7.94%	**N.A**	N.A
Employee Turnover Rate	**1.00%**	1.00%	**1.00%**	1.00%
Mortality rate during employment	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)
Mortality rate after employment	**N.A**	N.A	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)

A quantitative sensitivity analysis for significant assumption is as shown below: **(Rs. in Crores)**

Particulars		(increase) / decrease in defined benefit oblligation (Impact)			
		Gratuity		Post retirement medical benefit	
		Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Discount rate	1% increase	**(21.30)**	(18.72)	**(8.07)**	(6.26)
	1% decrease	**24.69**	21.41	**10.93**	7.88
Salary increase	1% increase	**24.41**	21.40	**N.A**	N.A
	1% decrease	**(21.46)**	(19.04)	**N.A**	N.A
Medical cost inflation	1% increase	**N.A**	N.A	**11.03**	8.04
	1% decrease	**N.A**	N.A	**(8.28)**	(6.47)
Employee turnover	1% increase	**(0.13)**	1.48	**(2.74)**	(2.25)
	1% decrease	**0.12**	(1.69)	**3.84**	2.65

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

The followings are the expected future benefit payments for the defined benefit plan : **(Rs. in Crores)**

Particulars	Gratuity		Post retirement medical benefit	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Within the next 12 months (next annual reporting period)	**33.84**	33.44	**1.80**	1.58
Between 2 and 5 years	**124.77**	122.16	**9.70**	8.74
Between 6 and 10 years	**138.80**	147.97	**18.18**	16.98
Total expected payments	**297.41**	303.57	**29.68**	27.30

Weighted average duration of defined plan obligation (based on discounted cash flows) **(Years)**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Gratuity	**10**	8
Post retirment benefit obligation	**15**	16

The followings are the expected contributions to planned assets for the next year:

(Rs. in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Gratuity	**16.14**	15.47
Post retirement medical benefit	**-**	-

NOTE: 42 Investments in Subsidiary and Associates

Name of Entity	Relationship	Place of Business	Ownership	
			March 31, 2020	March 31, 2019
Gujarat Ncode Solutions Limited	Subsidiary	India	**100.00%**	100.00%
Gujarat Green Revolution Company Limited	Associate	India	**46.87%**	46.87%

Note: Method of accounting of investments in subsidiary and associate Company is at cost.

NOTE: 43(A)

In earlier year, Hon'ble High Court of Gujarat has sanctioned the Scheme of Arrangement and Demerger for transfer of V-SAT/ ISP Gateway Business of the Company to ING Satcom Ltd., an unlisted Company against cash consideration of Rs. 6 crore vide its Common Oral Order dated June 15, 2012.

The "Appointed Date" of the Scheme was 1st April, 2010.

Subsequent to the Order passed by the Hon'ble High Court of Gujarat, sanctioning the Scheme of Demerger, two separate applications for transfer of V-SAT and ISP Gateway Licences standing in the name of the Company to the name of Transferee Company viz. ING Satcom Limited were submitted to Department of Telecommunications (DOT) on January 31, 2013 which are still pending for approval before DOT.

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

NOTE: 43(A) (Contd...)

As per the legal opinion taken by the Company from the consultant, though the Scheme has been sanctioned by the Hon'ble High Court of Gujarat and has become effective, the scheme is subject to and conditional upon the approval of the Government Authorities for transfer of Licences from the Company to ING Satcom Limited.

During the year 2014-15, an agreement-Cum-Indemnity Bond was executed on 12.04.2014 between the Company and ING Satcom Limited whereby, pending transfer of Licences, the assets of demerged business (other than Licences) have been handed over to ING Satcom Limited subject to certain terms and conditions, inter alia, including the terms of settling the transaction under different eventualities of rejection of transfer applications / non-transfer of Licences by 31.12.2014.

Since disposal of applications for transfer of Licences in the name of ING Satcom Limited by the competent authorities as well as settlement of transaction between the Company and ING Satcom Limited are still pending, no accounting treatment is given in the books of account of the Company since 2014-15 till the financial year ended 31.03.2020.

Necessary accounting treatment will be given in the books of accounts of the Company either on disposal of applications for transfer of Licences in the name of ING Satcom Limited by the competent authorities or on finalization of settlement of transaction with ING Satcom Limited. The amount received is classified under other current liabilities (refer Note 23).

NOTE: 43(B) - Demand Notice from Department of Telecommunication (DoT)

During the year, the Company has received updated Demand Notice of Rs. 16,359.21 crores from the Department of Telecommunications (DoT), Gujarat Telecom Circle, Ahmedabad, vide its letters dated February 17, 2020 (including of interest and penalty computed till March 31, 2020) towards license fee based on Adjusted Gross Rvenue(AGR) in respect of "Very Small Aperture Terminal" (V-SAT) License and "Category A - Internet Service Provider" (ISP) License for the financial years from FY 2005-06 to FY 2018-19. Earlier, the Company had also received an initial Demand Notice from DOT dated December 23, 2019 amounting to Rs. 15,019.97 Crores (including of interest and penalty).

The Demand Notices have been issued by DOT in view of the Hon'ble Supreme Court of India judgement ('SC AGR Judgement') on Adjusted Gross Revenue (AGR) in the matter relating to Telecom operators (TSPs) whereby initially the Hon'ble Supreme Court concluded that income under different heads of revenue / inflow fall within the definition of AGR and thus license fee is leviable on all revenue / inflow.

Against the aforementioned Demand Notices, the Company has made representations to the Controller General of Communication Accounts ('CCA'), New Delhi, on January 06, 2020, February 21, 2020 and April 03, 2020 in which the Company has refuted the demands being an unrelated matter to the terms and conditions of the V-SAT License valid till June 19, 2020 and ISP License which was valid till August 07, 2015 and that it is not satisfied with the assessment made by DOT for raising the Demand Notices and based on the facts and submission made in the representations, the aforementioned Demand Notices should be withdrawn. The Company was also not a party to the proceedings in SC AGR judgement and neither the facts peculiar to the Company placed before the Hon'ble Supreme Court in the matter relating to definition of AGR based on which the above demand notices was issued by DOT.

Recently, Hon'ble Supreme Court vide its Order dated June 11, 2020 directed DoT to reconsider the demand raised on Public Sector Undertakings ("PSUs"), which are not in business of mobile services to the general public. In pursuance of this, on June 18, 2020 DoT has filed an affidavit with Hon'ble Supreme Court in respect of demand raised on PSUs the final outcome of which is likely to happen in subsequent hearing of Hon'ble Supreme Court. As at reporting date, Company has not received any update from DoT regarding the demand.

Earlier, on February 4, 2015 also, the Controller of Communication Accounts ('CCA'), Ahmedabad had raised demand notices for V-SAT and ISP Licenses for the period FY 2009-10 to FY 2013-14 aggregating to Rs 2,752 crores (inclusive of interest and penalty) on similar basis. Being aggrieved by the above demand notice, the Company filed two petitions with Telecom Disputes Settlement and Appellate Tribunal ('TDSAT') dated March 10, 2015 challenging the demands of DoT which were admitted by TDSAT and restrained DoT from taking any coercive action for the recovery of the demand of Rs 2,752 crores vide its Order dated March 13, 2015. The said matter is still pending before TDSAT.

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

Based on legal assessment the Company believes that it has good grounds on merit to defend itself in the above matter. Accordingly, the Company is of the view that no provision is necessary in respect of this matter.

NOTE: 44 - Recognision of Additional fixed cost Subsidy

During the financilal year 2018-19, the Company had written off unrealised subsidy balance of Rs. 127.38 crores, for past years up March 31, 2018, relating to compensation for additional fixed cost in terms of Modified NPS-III due to uncertainity to realise the claims as the same was neither acknowledged nor paid by the Department of Fertilizer (DoF) since notification in this matter on April 02,2014 and May 25, 2015. Further, the Company didn't recognised the subsidy amount of Rs. 58.12 crores (incl. Rs. 31.85 crores relating to FY 2018-19) in terms of Modified NPS-III, due to uncertainity, till the quarter ended December 31, 2019.

In view of Department of Fertilizers (DoF) notification dated March 30, 2020 removing ambiguities in modified NPS III relating to additional fixed cost, the Company has revisited its earlier stand on de-recognition of subsidy already accounted from April 01, 2014 till March 31, 2018. Accordingly, in the current year, the Company has recognised subsidy income relating to compensation for additional fixed cost in terms of Modified NPS-III amounting to Rs 191.07 Crores (of which Rs 159.23 Crores pertains to the period April 1, 2014 to March 31, 2019).

Note: 45 Segment Information

Operating Segments

The identified reportable segments are Fertilizers, Chemicals and Others in terms of the requirements of Ind AS 108 "Operating Segments" as notified under section 133 of the Companies Act, 2013. Other Segment mainly includes Information Technology division activities and neem product related activities.

Identification of Segments:

The chief operational decision maker monitors the operating results of its Business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements, Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108.

Segment revenue and results:

The expenses and income which are not directly attributable to any business segment are shown as unallocable expenditure and unallocable income.

Segment assets and liabilities:

Segment assets include all operating assets used by the operating segment and mainly consist of property, plant and equipment, trade receivables, inventory and other operating assets. Segment liabilities primarily include trade payable and other liabilities. Common assets and liabilities which cannot be allocated to any of the business segments are shown as unallocable assets / liabilities.

Inter Segment transfer:

Inter Segment revenues are recognised at sales price. The same is based on market price and business risks. Profit or loss on inter segment transfer are eliminated at the Company level.

Summary of segment information is given below:

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

Note 45.1: Financial information about the primary business segment's Revenue & Results : **(Rs. in Crores)**

		Fertilizers		Chemicals		Others		Total	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
A	**REVENUE:**								
	External sales revenue	**2,244.30**	1,985.94	**2,835.66**	3,780.90	**82.46**	129.18	**5,162.42**	5,896.02
	Inter-segment revenue	**-**	-	**-**	-	**-**	-	**-**	-
	Total Revenue	**2,244.30**	1,985.94	**2,835.66**	3,780.90	**82.46**	129.18	**5,162.42**	5,896.02
B	**RESULT:**								
	Segment result	**215.80**	(170.44)	**166.39**	902.69	**12.42**	23.30	**394.61**	755.55
	Unallocable income							**61.47**	103.85
	Unallocable expenses							**(26.03)**	(33.65)
	Operating profit							**430.05**	825.75
	Finance costs							**(5.27)**	(6.38)
	Profit before tax							**424.78**	819.37

45.2 : Financial information about the primary business segment's assets and liabilities : **(Rs. in Crores)**

Assets & Liabilities	Fertilizers As at		Chemicals As at		Others As at		Total As at	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
Segment assets	**2,928.82**	2,638.80	**2,646.42**	2,695.17	**188.89**	215.35	**5,764.13**	5,549.32
Segment liabilities	**(1,293.51)**	(1,216.52)	**(428.14)**	(368.20)	**(133.31)**	(124.27)	**(1,854.96)**	(1,708.99)
Other unallocable corporate assets	**-**	-	**-**	-	**-**	-	**2,577.74**	1,992.28
Other unallocable corporate liabilities	**-**	-	**-**	-	**-**	-	**(1,264.41)**	(835.51)
Total capital employed	**1,635.31**	1,422.28	**2,218.28**	2,326.97	**55.58**	91.08	**5,222.50**	4,997.10
Capital assets/ expenditure incurred during the year:								
Capital assets including capital work in progress	**30.23**	63.62	**51.52**	21.18	**0.21**	1.54	**81.96**	86.34
Other unallocable capital expenditures	**-**	-	**-**	-	**-**	11.55	**31.07**	
Total	**30.23**	63.62	**51.52**	21.18	**0.21**	1.54	**93.51**	117.41

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

Note: 46 Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below. **(Rs. in Crores)**

Particulrs	FVTOCI Reserve		Retained Earnings		Total	
	Year Ended March 31, 2020	Year Ended March 31, 2019	Year Ended March 31, 2020	Year Ended March 31, 2019	Year Ended March 31, 2020	Year Ended March 31, 2019
Re-measurement losses on defined benefit plans (net of tax)	**-**	-	**(14.42)**	(48.45)	**(14.42)**	(48.45)
Net (loss) on FVTOCI on equty Investments (net of tax)	**(127.88)**	(13.08)	**-**	-	**(127.88)**	(13.08)
	(127.88)	(13.08)	**(14.42)**	(48.45)	**(142.30)**	(61.53)

Note 47 : Details of hedged and unhedged exposure in foreign currency denominated monetary items :

(a) Exposure in foreign currency - Hedged

(i) Amounts Payable in Foreign Currency :

Particulars	Hedged against	As at March 31, 2020			As at March 31, 2019		
		Rs. in Crores	Amount in FC		Rs. in Crores	Amount in FC	
Payables for import	Forward Contract	**122.68**	**USD**	**1,61,50,000**	0.00	USD	-
Payables for future import	Forward Contract	**37.37**	**USD**	**49,20,000**	0.00	USD	-
Payables for future import	Forward Contract	**6.15**	**Euro**	**7,31,585**	0.00	Euro	-

(b) Exposure in foreign currency - Unhedged

(i) Amounts payable in foreign currency :

Particulars	As at March 31, 2020			As at March 31, 2019		
	Rs. in Crores	Amount in FC		Rs. in Crores	Amount in FC	
Payables for import	**3.33**	**Euro**	**3,96,107**	17.81	Euro	22,71,992
Payables for import	**7.56**	**USD**	**9,95,871**	142.09	USD	2,04,56,597
Payables for import	**0.26**	**GBP**	**27,540**	0.07	GBP	7,540
Payables for import	**0.06**	**CHF**	**7,409**	0.04	CHF	5,418

(ii) Amounts receivable in foreign currency :

Particulars	As at March 31, 2020			As at March 31, 2019		
	Rs. in Crores	Amount in FC		Rs. in Crores	Amount in FC	
Receivables for export	**0.21**	**USD**	**28,600**	6.23	USD	9,13,013

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

The following significant exchange rates have been applied during the year:

INR	Year end spot rate	
	March 31, 2020	March 31, 2019
USD 1	**Import - 75.96** **Export - 74.82**	Import - 69.46 Export - 68.24
EURO 1	**84.12**	78.37
GBP 1	**93.78**	90.85
CHF 1	**79.48**	70.05

Note 48 : Financial Instruments, Fair Value Measurements, Financial Risk and Capital Management :

48.1 : Category-wise classification of financial instruments: **(Rs. in Crores)**

Particulars	Refer Note	Fair Value through other Comprehensive income	Fair Value through profit or loss	Amortised cost	Carrying Value
As at March 31, 2020					
Financial assets					
Cash and cash equivalents	13	**-**	**-**	**65.74**	**65.74**
Other bank balances	14	**-**	**-**	**123.26**	**123.26**
Investments in equity shares (other than investment in subsidiary & associate entity)	7	**594.68**	**-**	**-**	**594.68**
Investments in unquoted equity shares of subsidiary entity and associate entity	7	**-**	**-**	**1.25**	**1.25**
Trade receivables	10	**-**	**-**	**1,413.42**	**1,413.42**
Loans and advances	8	**-**	**121.08**	**165.00**	**286.08**
Derivatives instruments not designated as hedge	9	**-**	**-**	**4.59**	**4.59**
Other financial assets	9	**-**	**758.92**	**33.65**	**792.57**
Total		**594.68**	**880.00**	**1,806.91**	**3,281.59**
Financial liabilities					
Borrowings (including current maturities)	18 & 20	**-**	**-**	**858.64**	**858.64**
Trade payables	19	**-**	**-**	**513.40**	**513.40**
Lease liability	39	**-**	**-**	**1.85**	**1.85**
Other financial liabilities	20	**-**	**-**	**209.83**	**209.83**
Total		**-**	**-**	**1,583.72**	**1,583.72**
As at March 31, 2019					
Financial assets					
Cash and cash equivalents	13	-	-	164.24	164.24
Other bank balances	14	-	-	70.67	70.67
Investments in equity shares (other than investment in subsidiary and associate entity)	7	730.39	-	-	730.39
Investments in unquoted equity shares of subsidiary and associate entity	7	-	-	1.26	1.26
Trade receivables	10	-	-	1,240.19	1,240.19
Loans and advances	8	-	104.07	160.00	264.07
Other financial assets	9	-	-	34.29	34.29
Total		730.39	104.07	1,670.65	2,505.11
Financial liabilities					-
Borrowings (including current maturities)	18 & 20	-	-	207.93	207.93
Trade payables	19	-	-	394.75	394.75
Other financial liabilities	20	-	-	182.50	182.50
Total		-	-	785.18	785.18

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

48.2 : Fair value measurements :

a) Quantitative disclosures of fair value measurement hierarchy for financial assets and financial liabilities

The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities:

(Rs. in Crores)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Significant observable inputs (Level 1*)	Significant observable inputs (Level 2)	Significant observable inputs (Level 3)	Total	Significant observable inputs (Level 1*)	Significant observable inputs (Level 2)	Significant observable inputs (Level 3)	Total
Financial assets measured at fair value								
Investment in quoted equity investments measured at FVTOCI (refer Note 7)	**210.77**	**-**	**-**	**210.77**	321.51	-	-	321.51
Investment in unquoted equity investments measured at FVTOCI (refer Note 7)	**-**	**-**	**383.91**	**383.91**	-	-	408.88	408.88
Loans and advances (refer Note 8)	**-**	**-**	**121.08**	**121.08**	-	-	104.07	104.07
Derivative instruments (refer Note 9)	**-**	**4.59**	**-**	**4.59**	-	-	-	-
Total	**210.77**	**4.59**	**504.99**	**720.35**	321.51	-	512.95	834.46
Asset for which fair values are disclosed:								
Investment properties (refer Note 5)	**-**	**-**	**85.21**	**85.21**	-	-	85.25	85.25

*The fair value of the quoted equity investments are derived from quoted market prices in active market.

b) Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at March 31, 2020 and March 31, 2019 are as shown below:

Particulars	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
FVTOCI assets in unquoted equity shares (Gujarat State Petroleum Corporation Limited)	Discounted free cash flow method	Gas marketing business	10% increase /decrease in the Gas marketing business would result in increase / (decrease) in fair value as of March 31, 2020 : Rs. 1.56 crore (Rs. 1.56 crore). {10% increase /decrease in the Gas marketing business would result in increase / (decrease) in fair value as of March 31, 2019 : Rs. 6.69 crore (Rs. 6.69 crore).}	
FVTOCI assets in unquoted equity shares (Gujarat Chemical Port Limited) (Formarly known as Gujarat Chemical Port Terminal Company Limited)	Market Approach - Comparable companies	Market Multiple Discount	31 March 2020 : 15% - 25% (20%) 31 March 2019 : 15% - 25% (20%)	5% increase / decrease in the market multiple discount would result in decrease / (increase) in fair value as of March 31, 2020 : Rs. 19.87 crore (Rs. 19.87 crore) {5% increase/ decrease in the market multiple discount would result in decrease / (increase) in fair value as of March 31, 2019 : Rs. 20.97 crore (Rs. 21.16 crore)}
		EBITDA (Rs. Crores)	31 March 2020 : Rs 315.20 crores - Rs. 348.36 crores (Rs.331.78 crores) 31 March 2019 : Rs 252.65 crores - Rs. 279.24 crores (Rs.265.95 crores)	Rs. 16.58 crore increase / decrease in the EBITDA would result in increase / (decrease) in fair value as of March 31, 2020 : Rs. 15.82 crore (Rs. 15.82 crore) {Rs. 13.30 crore increase / decrease in the EBITDA would result in increase / (decrease) in fair value as of March 31, 2019 : Rs. 16.92 crore (Rs. 16.74 crore)}

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

Particulars	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
FVTOCI assets in unquoted equity shares (Bhavnagar Energy Company Limited)	As a consequances of merger of Bhavnagar Energy Company Limited (BECL) into Gujarat State Electricity Corporation Ltd (GSECL) vide Government of Gujarat notification dated August 27, 2018, the company has received one equity share of GSECL against the total number of shares held by it in BECL and thus Company doesn not hold any share of BECL as on March 31, 2020. As of March 31, 2019 Company had fair valued this investment to Zero value.			
FVTOCI assets in unquoted equity shares (Gujarat Venture Finance Limited)	Cost Approach - Net asset value	Share holders fund (Rs. Crores)	31 March 2020 : Rs 17.70 crores - Rs. 19.70 crores (Rs. 18.70 crores) 31 March 2019 : Rs 19.50 crores - Rs. 21.50 crores (Rs. 20.50 crores)	Rs. 1 crore increase / decrease in the shareholders fund would result in increase / (decrease) in fair value as of March 31, 2020 by Rs. 0.02 crore (Rs. 0.02 crore) {Rs. 1 crore increase / decrease in the shareholders fund would result in increase / (decrease) in fair value as of March 31, 2019 by Rs. 0.01 crore (Rs. 0.01 crore)}
		Discount to Book Value	31 March 2020 : 15% - 25% (20%) 31 March 2019 : 15% - 25% (20%)	5% increase / decrease in the discount to book value would result in decrease / (increase) in fair value as of March 31, 2020 : Rs. 0.02 crore (Rs. 0.02 crore). {as of March 31, 2019 : Rs. 0.02 crore (Rs. 0.02 crore)}
FVTOCI assets in unquoted equity shares (Bharuch Enviro Infrastructure Limited)	Market Approach - Comparable companies	Market Multiple Discount	31 March 2020 : 15% - 25% (20%) 31 March 2019 : 15% - 25% (20%)	5% increase / decrease in the market multiple discount would result in decrease / (increase) in fair value as of March 31, 2020 : Rs. 0.28 crore (Rs. 0.28 crore) {5% increase / decrease in the market multiple discount would result in decrease / (increase) in fair value as of March 31, 2019 : Rs. 0.28 crore (Rs. 0.28 crore)}
		Consolidated PAT (Rs. Crores)	31 March 2020 : Rs 37.90 crores - Rs. 41.90 crores (Rs. 39.90 crores) 31 March 2019 : Rs 26.20 crores - Rs. 28.90 crores (Rs. 27.60 crores)	Rs. 2 crore increase / decrease in the consolidated PAT would result in increase / (decrease) in fair value as of March 31, 2020 : Rs. 0.23 crore (Rs. 0.23 crore). {Rs. 1.40 crore increase / decrease in the consolidated PAT would result in increase / (decrease) in fair value as of March 31, 2019 : Rs. 0.23 crore (Rs. 0.23 crore)}
FVTOCI assets in unquoted equity shares (Bharuch Dahej Railway Company Limited)	For March 31, 2020 - Net asset Value approach For March 31.2019 - Market Approach - Comparable companies	Market Multiple Discount	31 March 2020 : NA 31 March 2019 : 10% -20% (15%)	As of March 31, 2020 this unobservable input is not used for valuation. {5% increase / decrease in the market multiple discount would result in decrease / (increase) in fair value as of March 31, 2019 : Rs. 1.46 crore (Rs. 1.37 crore)}
		Discount to Book Value	31 March 2020 : 20% - 30% (25%) 31 March 2019 : N.A	5% increase / decrease in the discount to book value would result in decrease / (increase) in fair value as of March 31, 2020 : Rs. 0.57 crore (Rs. 0.57 crore) {As of March 31, 2019 this unobservable input is not used for valuation}
		EBITDA (Rs. Crores)	31 March 2020 :N.A 31 March 2019 : Rs 25.20 crores - Rs. 27.90 crores (Rs.26.50 crores)	As of March 31, 2020 this unobservable input is not used for valuation. {Rs. 1.30 crore increase / decrease in the EBITDA would result in increase / (decrease) in fair value as of March 31, 2019 : Rs. 1.15 crore (Rs. 1.24 crore)}

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

Particulars	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
		Share holders fund (Rs. Crores)	31 March 2020 : Rs 124.20 crores - Rs. 137.40 crores (Rs. 130.80 crores) 31 March 2019 : N.A	Rs. 6.60 crore increase / decrease in the shareholders fund would result in increase/decrease in fair value as of March 31, 2020 by Rs. 0.76 crore (Rs. 0.76 crore). {As of March 31, 2019 this unobservable input was not used for valuation}
FVTOCI assets in unquoted equity shares (Ecophos GNFC India Private Limited)	As on March 31, 2020 the parent Company M/s EcoPhos s.a. holding 85% in the JV has applied for bankruptcy hence the Company has Fair valued the investment as Rs. 1. (Refer Note 7) (As on March 31, 2019 company has valued such investment at face value following the cost approach.)			
FVTOCI assets in unquoted equity shares (Gujarat State Electricity Corporation Limited)	As a consequances of merger of Bhavnagar Energy Company Limited (BECL) into Gujarat State Electricity Corporation Ltd (GSECL) vide Government of Gujarat notification dated August 27, 2018, the company has received one equity share of GSECL against the total number of shares held by it in BECL and thus Company had valued such investment in GSECL as at March 31, 2020 at the face value of one share in GSECL (i.e. Rs. 10).			

c) Financial Instrument measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

48.3 : Financial Risk objective and policies:

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans & advances, deposits, investments, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds FVTOCI investments and enters into derivative transactions.

In the ordinary course of business, the Company is mainly exposed to risks resulting from exchange rate fluctuation (currency risk), interest rate movements (interest rate risk) collectively referred as Market Risk, Credit Risk, Liquidity Risk and other price risks such as equity price risk and commodity price risk. The Company's senior management oversees the management of these risks. It manages its exposure to these risks through derivative financial instruments by hedging transactions as required. It uses derivative instruments such as foreign currency forward contract to manage currency risk. These derivative instruments reduce the impact of both favourable and unfavourable fluctuations.

The Company's risk management activities are subject to the management, direction and control of the management of the Company under the guideline of the Board of Directors of the Company. The management ensures appropriate financial risk governance framework for the Company through appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The decision of whether and when to execute derivative financial instruments along with its tenure can vary from period to period depending on market conditions and the relative costs of the instruments. The tenure is linked to the timing of the underlying exposure, with the connection between the two being regularly monitored. The Company is exposed to losses in the event of non-performance by the counterparties to the derivative contracts. All derivative contracts are executed with counterparties that, in management's judgment, are creditworthy. The outstanding derivatives are reviewed periodically to ensure that there is no inappropriate concentration of outstanding to any particular counterparty.

Further, all currency and interest risk as identified above is measured on a daily basis by monitoring the mark to market (MTM) of open and hedged position. For year ends, the MTM for each derivative instrument outstanding is obtained from respective banks. All gain / loss arising from MTM for open derivative contracts and gain / loss on settlement / cancellation / roll over of derivative contracts is recorded in statement of profit and loss.

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

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings, FVTOCI investments and derivative financial instruments. The sensitivity analysis in the following sections relate to the position as at March 31, 2020 and March 31, 2019.

The sensitivity analysis have been prepared on the basis that the amount of net debt, interest rates of the debt and derivatives are all constant as at March 31, 2020. The analysis exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions. The following assumptions have been made in calculating the sensitivity analysis:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2020 and March 31, 2019.

(i) Interest rate risk

The Company is exposed to changes in market interest rates due to financing, investing and cash management activities. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term debt obligations. During the previous year, the Company had repaid its long-term borrowings.

(ii) Foreign currency risk

Exchange rate movements, particularly the United States Dollar (USD) and Euro (EUR) against Indian Rupee (INR), have an impact on the Company's operating results. The Company manages its foreign currency risk by entering into various foreign exchange contracts to mitigate the risk arising out of foreign exchange rate movement on trade payables. Further, to hedge foreign currency future transactions in respect of which firm commitment are made or which are highly probable forecast transactions (for instance, foreign exchange denominated income) the Company has entered into foreign currency forward contracts as per the policy of the Company.

The details of exposures hedged using forward exchange and the details of unhedged exposures are given as part of Note 47.

The Company is mainly exposed to changes in USD and EURO. The below table demonstrates the sensitivity to a 5% increase or decrease in the respective foreign currency rates against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Company as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate.

(Rs. in Crores)

Particulars	Impact on Profit before tax		Impact on Pre-tax Equity	
	For the year ended		For the year ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
USD Sensitivity				
RUPEES / USD – Increase by 5%	**(0.37)**	(6.79)	**(0.37)**	(6.79)
RUPEES / USD – Decrease by 5%	**0.37**	6.79	**0.37**	6.79
EURO Sensitivity				
RUPEES / EURO – Increase by 5%	**(0.17)**	(0.89)	**(0.17)**	(0.89)
RUPEES / EURO – Decrease by 5%	**0.17**	0.89	**0.17**	0.89

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

(iii) Commodity price risk

The Company's operating activities require the ongoing purchase of natural gas. Natural gas being an international commodity is subject to price fluctuation on account of the change in the crude oil prices, demand supply pattern of natural gas and exchange rate fluctuations. The Company is not affected by the price volatility of the natural gas to the extent consumed for Urea as under the Urea pricing formula the cost of natural gas is pass through if the consumption of natural gas is within the permissible norm for manufacturing of Urea.

The Company also deals in purchase of other feed stock materials (i.e Rock phosphate, and Denatured Ethyl Alcohol) which are imported by the Company and used in the manufacturing of Ammonium Nitro Phosphate and Ethyl Acetate. The import prices of these materials are governed by international demand and supply pattern. There is a price and material availability risk, which is managed by senior management team through sensitivity analysis, commodity price tracking.

(iv) Equity price risk

The Company's investment in listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was Rs. 383.91 crore. Sensitivity analyses of these investments have been provided in Note 48.2(b). At the reporting date, the exposure to listed equity securities at fair value was Rs. 210.77 crore. A decrease of 5% on the BSE market price could have an impact of approximately Rs. 10.54 crore on the OCI or equity attributable to the Group. An increase of 5% in the value of the listed securities would also impact OCI and equity. These changes would not have an effect on profit or loss.

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and other financial assets) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive evaluation and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data.

Credit risk from balances with banks and non-banking finance companies is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's management. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Trade receivables

The Company's receivables can be classified into two categories, one is from the customers/ dealers in the market and second one is from the central and state Government in the form of subsidy. As far as Government portion of receivables is concerned, credit risk is Nil except where there are uncertainities due to non-acknowledgement of claims. In respect of market receivables from the customers/ dealers, the Company extends credit to customers in normal course of business. The Company considers factors such as credit track record in the market and past dealings for extensions of credit to

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

customers. The Company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as for certain products it extends rolling credit to its customers, against the collateral.

Trade receivables, other than subsidy receivables are secured to the extent of interest free security deposits and bank guarantees received from the customers amounting to Rs.14.37 cores and Rs.8.96 crores as at 31st March, 2020 and 31st March, 2019 respectively. (Refer Note No. 10 for Trade Receivables outstanding).

The Company follows a 'simplified approach' (i.e. based on lifetime ECL) for recognition of impairment loss allowance on Trade receivables, other than those receivables from the Government of India. For the purpose of measuring lifetime ECL allowance for trade receivables, the company estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience in respect of certain categories of the customers. Individual trade receivables are written off when management deems them not to be collectible.

c) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and bank balances. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analyses derivative and non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(Rs. in Crores)

Particulars	Refer Note	On Demand	Less than 1 year	1 to 5 years	Over 5 years	Total
As at March 31, 2020						
Borrowings (including current maturities)	**18 & 20**	**475.66**	**382.98**	**-**	**-**	**858.64**
Trade payables	**19**	**-**	**513.40**	**-**	**-**	**513.40**
Lease liability	**39**	**-**	**1.18**	**0.65**	**0.02**	**1.85**
Other financial liabilities	**20**	**-**	**209.83**	**-**	**-**	**209.83**
Total		**475.66**	**1,107.39**	**0.65**	**0.02**	**1,583.72**
As at March 31, 2019						
Borrowings (including current maturities)	18 & 20	55.01	152.92	-	-	207.93
Trade payables	19	-	394.75	-	-	394.75
Other financial liabilities	20	-	182.50	-	-	182.50
Total		55.01	730.17	-	-	785.18

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

48.4 : Capital Management:

For the purposes of the Company's capital management, capital includes issued capital and all other equity. The primary objective of the Company's capital management is to maximize shareholder value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Company monitors capital using gearing ratio, which is net debt (total debt less cash and bank balance) divided by total capital plus net debt.

(Rs. in Crores)

Particulars	March 31, 2020	March 31, 2019
Total Borrowings (refer note 18 and 20)	**858.64**	207.93
Less: Cash and bank balances (refer Note 13 and 14)	**189.00**	234.91
Net Debt (A)	**669.64**	(26.98)
Total Equity (B)	**5,222.50**	4,997.10
Total Equity and Net Debt (C = A + B)	**5,892.14**	4,970.12
Gearing ratio	**11%**	-

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period. No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

Note 49 : Impairment Assesment

One of the key industrial products i.e. Toluene Di Isocyanate (TDI) has witnessed very sharp price erosion since mid of financial year 2018-19 and has continued its downward spiral till March 31, 2020 and still is yet to recover. Since the Company has made heavy investments in TDI-II facilities at Dahej, it has in pursuance of "Indian Accounting Standard (Ind AS - 36) - Impairment of Assets" carried out impairment assessment of its TDI Dahej plant. The recoverable amount of the relevant assets has been determined on the basis of their value in use. In estimating the future cash flows, management has based on externally available information, made certain assumptions relating to the future raw material prices, future TDI prices, operating parameters and the assets useful life which management believes reasonably reflects the future expectation of these items. The Company has also carried out sensitivity analysis of the assumptions used while estimating the future cash flow to derive the value in use. Accordingly the management has concluded that no impairment is required to be recognised in respect of the TDI Dahej Plant during the year ended March 31, 2020. However the assumptions on which the assessment was made are being monitored on a periodic basis by the management.

Note 50 : Impact of COVID-19

The outbreak of Coronavirus (COVID -19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. In India, the nation-wide lockdown was announced from March 25, 2020 due to COVID-19 pandemic. The lockdown has impacted the demand for the Company's products & services especially, the industrial products. The demand in overseas market is also severely impacted due to COVID-19. For the year ended March 31, 2020, the Company's operations were scaled down by the management in the last week of March, 2020 given the demand scenario in the market. The Company was quick in restoring the operations ensuring health, safety and well-being of its employees in the given scenario and COVID-19 has not impacted the Company's operations for the year ended March 31, 2020.

Further, the Company has also assessed the impact of this pandemic on recoverability of the carrying amount of inventories, tangible assets, intangible assets, trade receivables, investments and other financial asset as at balance sheet date using various internal and external information. The management has also performed sensitivity analysis on the assumptions used

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

and based on present estimates it believes that the carrying amount is considered to be recoverable and accordingly no further adjustments are required in the financial statements. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and the Company continues to monitor the changes in future economic conditions. Further the Company has zero long term debt outstanding as at March 31, 2020 and has substantial working capital lines which are available, should the need arise.

The management does not see any risk in the ability to continue as a going concern and meeting its liabilities as and when they fall due. However the actual impact of COVID-19 on the Company's financial statements may differ from that estimated.

Note 51 : Event occurred after the Balance Sheet Date:

The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of July 10, 2020, there were no material subsequent events to be recognized or reported that are not already previously disclosed.

For and on behalf of the Board of Directors,

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

AS PER OUR REPORT OF EVEN DATE
For **S R B C & CO LLP**
Chartered Accountants
(Firm Registration No. 324982E/E300003

Place : Bharuch
Date : July 10, 2020

per Ravi Bansal
Partner
Membership Number: 049365

Place : Mumbai
Date : July 10, 2020