DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION LIMITED

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CIN: L24121MH1979PLC021360

Our Company was originally incorporated as 'Deepak Fertilisers and Petrochemicals Corporation Private Limited' at Mumbai pursuant to a certificate of incorporation dated May 31, 1979 issued by the Registrar of Companies, Maharashtra ("**RoC**") under the Companies Act, 1956. Subsequently, the name of our Company changed to 'Deepak Fertilisers and Petrochemicals Corporation Limited' and a fresh certificate of incorporation consequent on change of name dated June 14, 1979, was issued by the RoC. For further details please see "*General Information*" on page 221.

The Company is issuing 1,24,39,029 equity shares of face value of ₹ 10 each (the "**Equity Shares**") at a price of ₹ 410 per Equity Share, including a premium of ₹ 400 per Equity Share, aggregating to ₹ 5,10,00,01,890 (the "**Issue**"). For further details, see "*Summary of the Issue*" on page 30.

THIS ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER, EACH AS AMENDED (THE "COMPANIES ACT")

OUR COMPANY HAS PREPARED THIS PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE ISSUE. THE ISSUE AND THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO ELIGIBLE QIBS (AS DEFINED HEREINAFTER) IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND CHAPTER VI OF THE SEBI ICDR REGULATIONS. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR. THE ISSUE DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PROSPECTIVE INVESTOR OR CLASS OR CATEGORY OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN ELIGIBLE QIBS. THIS PLACEMENT DOCUMENT SHALL BE CIRCULATED ONLY TO SUCH ELIGIBLE QIBS WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES.

YOU MAY NOT AND ARE NOT AUTHORISED TO (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENTS OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN VIOLATION OF THE COMPANIES ACT, THE SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OF OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION "*RISK FACTORS*" ON PAGE 39 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES TO BE ISSUED PURSUANT TO THE PRELIMINARY PLACEMENT DOCUMENT AND THIS PLACEMENT DOCUMENT. PROSPECTIVE INVESTORS SHALL CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES AND OUR COMPANY. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THE PRELIMINARY PLACEMENT DOCUMENT AND/OR THIS PLACEMENT DOCUMENT, YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISOR AND/OR LEGAL ADVISOR.

The Equity Shares are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", and together with BSE, the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on BSE and NSE as on October 18, 2021 was ₹ 440.25 and ₹ 440.70 per Equity Share, respectively. In-principle approvals pursuant to Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**"), for listing of the Equity Shares to be issued pursuant to the Issue, have been received from BSE and NSE on October 19, 2021. Our Company shall make applications to the Stock Exchanges for obtaining the final listing and trading approvals for the Equity Shares to be issued pursuant to the Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed, or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or of the Equity Shares.

A copy of the Preliminary Placement Document and this Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereinafter)) has been delivered to the Stock Exchanges. Our Company shall also make requisite filings with the RoC (as defined hereinafter), within the stipulated timeframe prescribed under the Companies Act and the PAS Rules (as defined hereinafter), as amended. This Placement Document has not been reviewed by SEBI, the Stock Exchanges, RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs (as defined hereinafter). This Placement Document has not been and will not be filed as a prospectus with the RoC, will not be circulated or distributed to the public in India or any other jurisdiction, and the Issue will not constitute a public offer in India or any other jurisdiction.

Invitations, offers and sales of Equity Shares to be issued pursuant to the Issue shall only be made pursuant to the Preliminary Placement Document together with the Application Form, this Placement Document and the Confirmation of Allocation Note (as defined hereinafter). For further details, see "*Issue Procedure*" on page 172. The distribution of this Placement Document or the disclosure of its contents, without our Company's prior consent, to any person, other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their purchase of Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in *"offshore transactions"*, as defined in and in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**") and the applicable laws of the jurisdictions where those offers, and sales are made. See *"Selling Restrictions"* on page 188 for information about eligible offerees for the Issue and *"Purchaser Representations and Transfer Restrictions"* on page 195 for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

The information on our Company's website or any website directly or indirectly linked to our Company's website or the website of the BRLM (as defined hereinafter) or any of its respective affiliates does not constitute nor form part of this Placement Document and prospective investors should not rely on such information contained in, or available through, any such websites for their investment in this Issue.

This Placement Document is dated October 22, 2021.

BOOK RUNNING LEAD MANAGER
IIFL SECURITIES LIMITED

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Placement Document contains all information with respect to our Company and the Equity Shares which is material in the context of the Issue. The statements contained in this Placement Document relating to our Company and the Equity Shares are in all material respects, true, accurate and not misleading, and the opinions and intentions expressed in this Placement Document with regard to our Company, our Subsidiaries and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Company and our Subsidiaries. There are no other facts in relation to our Company, our Subsidiaries and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. Unless otherwise stated, all information in this Placement Document is provided as of the date of this Placement Document and neither our Company, our Subsidiaries nor the BRLM has any obligation to update such information to a later date.

The BRLM has not separately verified all of the information contained in this Placement Document (financial, legal or otherwise). Accordingly, neither the BRLM nor any of their shareholders, employees, counsel, officers, directors, representatives, agents or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the BRLM and/or any of their shareholders, employees, counsel, officers, directors, representatives, agents, associates or any other affiliates as to the accuracy or completeness of the information contained in this Placement Document or any other information (financial, legal or otherwise) supplied in connection with our Company, our Subsidiaries and the Equity Shares. Each person receiving this Placement Document acknowledges that such person has not relied on either the BRLM or on any of their respective shareholders, employees, counsel, officers, directors, representatives, agents , associates or any other affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Company, and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorised to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company, or by or on behalf of the BRLM. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The distribution of this Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs specified by the BRLM or its representatives, and those retained by Eligible QIBs to advise them with respect to their purchase of the Equity Shares is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and not further distribute or make any copies of this Placement Document or any documents referred to in this Placement Document. Any reproduction or distribution of this Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

The distribution of this Placement Document and the issue of Equity Shares may be restricted in certain jurisdictions by applicable laws. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, except for India, no action has been taken by our Company and the BRLM that would permit an offering of the Equity Shares or distribution of this Placement Document in any jurisdiction, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain jurisdictions, see "*Selling Restrictions*" on page 188.

In making an investment decision, the prospective investors must rely on their own examination of our Company, our Subsidiaries and the Equity Shares and the terms of the Issue, including the merits and risks involved. Prospective investors should not construe the contents of this Placement Document as legal, business, tax, accounting or investment advice. Prospective investors should consult their own counsel and advisors as to business, investment, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Company nor the BRLM are making any representation to any investor, purchaser, offeree or subscriber to the Equity Shares in relation to this Issue regarding the legality of an investment in the Equity Shares by such investor, purchaser, offeree or subscriber under applicable legal, investment or similar laws or regulations. The prospective investors of the Equity Shares should conduct their own due diligence on the Equity Shares and our Company.

Each investor, purchaser, offeree or subscriber of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is an Eligible QIB and is eligible to invest in India and in our Company under applicable law, including Chapter VI of the SEBI ICDR Regulations, Section 42 of the Companies Act and other provisions of the Companies Act, and that it is not prohibited by SEBI or any other regulatory, statutory or judicial authority, in India or any other jurisdiction, from buying, selling or dealing in securities including the Equity Shares. Each investor, purchaser, offeree or subscriber of the Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

This Placement Document contains summaries of terms of documents, which summaries are qualified in their entirety by the terms and conditions of such documents.

The information on our Company's website, www.dfpcl.com, or any website directly or indirectly linked to the website of our Company or on the website of the BRLM or any of its affiliates, does not constitute nor form part of this Placement Document. Prospective investors should not rely on any such information contained in, or available through, any such websites.

NOTICE TO INVESTORS IN THE UNITED STATES

The Equity Shares to be issued pursuant to the Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction, including the United States Securities and Exchange Commission, any other federal or state authorities in the United States, the securities authorities of any non-United States jurisdiction or any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary may be a criminal offence in the United States and certain other jurisdictions.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and, unless so registered, may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in *"offshore transactions"*, as defined in and in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. For further information, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 188 and 195, respectively.

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

For information to investors in certain other jurisdictions, see "*Selling Restrictions*" on page 188. The Company agrees to comply with any undertakings given by it from time to time in connection with the Equity Shares to the Stock Exchanges and, without prejudice to the generality of foregoing, shall furnish to the Stock Exchanges all such information as the rules of the Stock Exchanges may require in connection with the listing of the Equity Shares on the Stock Exchanges.

Any information about the Company available on any website of the SEBI, the Company or the BRLM, other than this Placement Document, shall not constitute a part of this Placement Document and no investment decision should be made on the basis of such information.

REPRESENTATIONS BY INVESTORS

All references to "you" or "your" in this section are to the Bidders in this Issue. By bidding for and/ or subscribing to any of the Equity Shares in this Issue, you are deemed to have represented, warranted, acknowledged and agreements set forth in the sections "*Notice to Investors*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 3, 188 and 195, respectively, and to have represented, warranted and acknowledged to and agreed to us and the BRLM as follows:

- You are a "**Qualified Institutional Buyer**" as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allotted (hereinafter defined) to you in accordance with Chapter VI of the SEBI ICDR Regulations, the Companies Act, 2013 and all other applicable laws; and (ii) comply with all requirements under applicable law in this relation, including reporting obligations, requirements/ making necessary filings, if any, in connection with the Issue or otherwise accessing capital markets;

- You are eligible to invest in India under applicable law, including the FEMA Rules (as defined hereinafter), and have not been prohibited by SEBI or any other regulatory authority, statutory authority or otherwise, from buying, selling, or dealing in securities or otherwise accessing capital markets in India;

- If you are not a resident of India, but a QIB, you are an Eligible FPI (and are not an individual, corporate body or a family office), having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and are eligible to invest in India under applicable law, including the SEBI FPI Regulations, FEMA Rules, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets. You confirm that you are not an FVCI;

- You will provide the information as required under the Companies Act, the PAS Rules and applicable SEBI ICDR Regulations and rules for record keeping by our Company, including your name, complete address, phone number, e-mail address, permanent account number (if applicable) and bank account details and such other details as may be prescribed or otherwise required even after the closure of the Issue;

- If you are Allotted Equity Shares, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the floor of the Stock Exchanges;

- You are aware that the Preliminary Placement Document and this Placement Document will not be filed as a prospectus with the RoC under the Companies Act, the SEBI ICDR Regulations or under any other law in force in India and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs. This Placement Document (which includes disclosures prescribed under Form PAS-4) has not been reviewed, verified or affirmed by the RBI, SEBI, the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs;

- The Preliminary Placement Document and this Placement Document has been filed, with the Stock Exchanges and will be displayed on the websites of our Company and the Stock Exchanges;

- You are permitted to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions that apply to you and that you have fully observed such laws and you have necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations and complied and shall comply with all necessary formalities, to enable you to participate in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Placement Document), and will honour such obligations;

- You are aware that, our Company, the BRLM or any of its shareholders, directors, officers, employees, counsel, representatives, agents or affiliates are not making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment, be a client of the BRLM. The BRLM or any of its shareholders, directors, officers, employees, counsel, representatives, agents or affiliates do not have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not, in any way, acting in any fiduciary capacity;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents (the "**Company Presentations**") with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the BRLM may not have knowledge of the statements that our Company or its agents may have made at such Company Presentations and is therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the BRLM has advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) confirm that you have not been provided any material or price sensitive information relating to our Company and the Issue that was not publicly available;

- Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made on the basis of any information, which is not set forth in this Placement Document;

- You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the SEBI Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended, and the Companies Act;

- You understand that the Equity Shares issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association of our Company and will be credited as fully paid and will rank pari passu in all respects with the existing Equity Shares including the right to receive dividend and other distributions declared.

- All statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding us or our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our business), are forward-looking statements. You are aware that, such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and environment in which we will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Placement Document. None of our Company, the BRLM or any of its shareholders, directors, officers, employees, counsel, representatives, agents or affiliates assume any responsibility to update any of the forward-looking statements contained in this Placement Document;

- You are aware and understand that the Equity Shares are being offered only to Eligible QIBs on a private placement basis and are not being offered to the general public, or any other category other than Eligible QIBs, and the Allotment of the same shall be at the sole discretion of our Company, in consultation with the BRLM;

- You are aware that in terms of the requirements of the Companies Act, upon Allocation, our Company has disclosed names and percentage of post-Issue shareholding of the proposed Allottees in this Placement Document, as applicable. However, disclosure of such details in relation to the proposed Allottees in this Placement Document does not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the BRLM;

- You are aware that if you are Allotted more than 5% of the Equity Shares in the Issue, our Company shall be required to disclose your name and the number of the Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures;

- You have been provided a serially numbered copy of this Placement Document and have read it in its entirety, including in particular, "*Risk Factors*" on page 39;

- In making your investment decision, you have (i) relied on your own examination of us, the Equity Shares and the terms of the Issue, including the merits and risks involved, (ii) made and will continue to make your own assessment of us, the Equity Shares and the terms of the Issue, based solely on and in reliance of the information contained in this Placement Document and no other disclosure or representation by our Company or any other party, (iii) consulted your own independent counsel and advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws (including tax laws), (iv) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of us and the Equity Shares, and (v) relied upon your own investigation and resources in deciding to invest in the Issue;

- Neither the Company nor the BRLM nor any of its shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares);

- You will obtain your own independent tax advice from a service provider and will not rely on the BRLM or any of its shareholders, directors, officers, employees, counsel, representatives, agents or affiliates when evaluating the tax consequences in relation to the Equity Shares (including in relation to limited to the Issue and the use of the proceeds from the Equity Shares). You waive, and agree not to assert any claim against us or the BRLM or any of its shareholders, directors, officers, employees, counsel, representatives, agents or affiliates with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You and any managed accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company and/or the BRLM or any of its shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of its respective obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares; and (vi) are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute. You are aware that investment in Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment;

- If you are acquiring the Equity Shares to be issued pursuant to this Issue for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and hereby make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- You are not a 'promoter' of our Company as defined under the SEBI ICDR Regulations, and are not a person related to our Promoter, either directly or indirectly and your Bid (hereinafter defined) does not directly or indirectly represent our Promoter or members of our Promoter Group (as defined under the SEBI ICDR Regulations) or persons or entities related thereto;

- You have no rights under a shareholders' agreement or voting agreement entered into with the Promoter or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board of Directors of our Company, other than the rights, if any, acquired in the capacity of a lender not holding any Equity Shares, the acquisition of which shall not deem you to be a Promoter or a person related to the Promoter;

- You agree that in terms of Section 42(7) of the Companies Act and Rule 14 of the PAS Rules, we shall file the list of Eligible QIBs (to whom the Preliminary Placement Document was circulated) along with other particulars including your name, complete address, phone number, e-mail address, permanent account number and bank account details, including such other details as may be prescribed or otherwise required even after the closure of the Issue with the RoC and SEBI within 30 days of circulation of this Placement Document and other filings required under the Companies Act, 2013;

- You will have no right to withdraw your Bid or revise your Bid downwards after the Bid/ Issue Closing Date (as defined hereinafter);

- You are eligible to Bid for and hold the Equity Shares so Allotted, together with any Equity Shares held by you prior to the Issue. You further confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable law;

- The Bid made by you would not ultimately result in triggering an open offer under the SEBI Takeover Regulations as defined herein) and you shall be solely responsible for compliance with all other applicable provisions of the SEBI Takeover Regulations;

- Your aggregate equity shareholding in our Company, together with other Allottees that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50% of the Issue Size. For the purposes of this representation:

  (a) Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIB, its subsidiary or holding company and any other Eligible QIBs; and

  (b) 'Control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the SEBI Takeover Regulations;

- You shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for such Equity Shares to be issued pursuant to this Issue, are issued by the Stock Exchanges;

- You are aware that (i) applications for in-principle approval, in terms of Regulation 28(1)(a) of the SEBI Listing Regulations, for listing and admission of the Equity Shares to be issued pursuant to the Issue and for trading on the Stock Exchanges, were made and an in-principle approval has been received by our Company from each of the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final listing and trading approvals for listing of the Equity Shares, to be issued pursuant to this Issue, will be obtained in time or at all. Neither our Company nor the BRLM nor any of its shareholders, directors, officers, employees, counsel, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising from such delay or non-receipt;

- You are aware and understand that the BRLM has entered into a Placement Agreement with our Company whereby the BRLM has, subject to the satisfaction of certain conditions set out therein, undertaken to use their reasonable efforts to procure subscription for the Equity Shares on the terms and conditions set forth therein;

- You understand that the contents of this Placement Document are exclusively the responsibility of our Company, and that neither the BRLM nor any person acting on its behalf or any of the counsel or advisors to the Issue has or shall have any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Placement Document or otherwise. By accepting a participation in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the BRLM or our Company or any other person, and the BRLM or our Company or any of its affiliates, including any view, statement, opinion or representation expressed in any research published or distributed by them, the BRLM and its affiliates will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;

- You understand that the BRLM or its shareholders, directors, officers, employees, counsel, representatives, agents or affiliates do not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including the non-performance by our Company or any of its obligations or any breach of any representations or warranties by us, whether to you or otherwise;

- You are able to purchase the Equity Shares in accordance with the restrictions described in "*Selling Restrictions*" on page 188 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "*Selling Restrictions*" on page 188;

- You understand that the Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and unless so registered, may not be offered, sold or delivered within the United States, except in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws, and that the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales occur.

- You are outside the United States and you are subscribing for the Equity Shares in an "offshore transaction" as defined in Regulation S and the applicable laws of the jurisdiction where those offers, and sales are made;

- You are not acquiring or subscribing for the Equity Shares as a result of any "directed selling efforts" (as defined in Regulation S) and you understand and agree that offers and sales are being made in reliance on an exemption to the registration requirements of the U.S. Securities Act.

- You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Mumbai, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Preliminary Placement Document and this Placement Document.

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue;

- You agree to indemnify and hold our Company, the BRLM and its directors, officers, employees, affiliates, associates, controlling persons and representatives harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements and undertakings made by you in this Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

- You acknowledge that the Preliminary Placement Document and this Placement Document does not confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;

- You will make the payment for subscription to the Equity Shares pursuant to this Issue from your own bank account. In case of joint holders, the monies shall be paid from the bank account of the person whose name appears first in the application;

- You are aware that in terms of the SEBI FPI Regulations and the FEMA Rules, the total holding by each FPI including its investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than fifty percent or common control) shall be below 10% of the total paid-up equity share capital of our Company on a fully diluted basis and the total holdings of all FPIs put together shall not exceed the sectoral cap applicable to our Company. In terms of the FEMA Rules, for calculating the total holding of FPIs in a company, holding of all registered FPIs shall be included. Hence, Eligible FPIs may invest in such number of Equity Shares in this Issue such that (i) the individual investment of the FPI in our does not exceed 10% of the post-Issue paid-up Equity Share capital of our Company on a fully diluted basis and (ii) the aggregate investment by FPIs in our Company does not exceed the sectoral cap applicable to our Company. In case the holding of an FPI together with its investor group increases to 10% or more of the total paid-up Equity Share capital, on a fully diluted basis, such FPI together with its investor group shall divest the excess holding within a period of five trading days from the date of settlement of the trades resulting in the breach. If however, such excess holding has not been divested within the specified period of five trading days, the entire shareholding of such FPI together with its investor group will be re-classified as FDI, subject to the conditions as specified by SEBI and the RBI in this regard and compliance by our Company and the investor with applicable reporting requirements and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations;

- You confirm that neither is your investment as an entity of a country which shares land border with India nor is the beneficial owner of your investment situated in or a citizen of such country (in each which case, investment can only be through the Government approval route), and that your investment is in accordance with Consolidated FDI Policy, issued by the Department of Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India and Rule 6 of the FEMA Rules;

- You are aware and understand that you are allowed to place a Bid for Equity Shares. Please note that submitting a Bid for Equity Shares should not be taken to be indicative of the number of Equity Shares that will be Allotted to a successful Bidder. Allotment of Equity Shares will be undertaken by our Company, in its absolute discretion, in consultation with the BRLM.

- You represent that you are not an affiliate of our Company or the BRLM or a person acting on behalf of such affiliate.

- Our Company, the BRLM, its affiliates, directors, officers, counsels, employees, shareholders, representatives, agents, controlling persons and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, and are irrevocable. It is agreed that if any of such representations, warranties, acknowledgements and undertakings are no longer accurate, you will promptly notify our Company and the BRLM. You are not an affiliate of our Company, or a person acting on behalf of an affiliate of our Company; and

- You will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws.

OFF-SHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an Eligible FPI including affiliates of the BRLM, which is registered as a Category I FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying, and all such offshore derivative instruments are referred to herein as "**P-Notes**"), and persons who are eligible for registration as Category I FPIs can subscribe to or deal in such P-Notes provided that in the case of an entity that has an investment manager who is from the Financial Action Task Force member country, such investment manager shall not be required to be registered as a Category I FPI. The above-mentioned category I FPIs may receive compensation from the purchasers of such instruments. In terms of Regulation 21 of SEBI FPI Regulations, P-Notes may be issued only by such persons who are registered as Category I FPIs and they may be issued only to persons eligible for registration as Category I FPIs, subject to exceptions provided in the SEBI FPI Regulations and compliance with 'know your client' requirements, as specified by SEBI and subject to compliance with such other conditions as may be specified by SEBI from time to time. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless such FPIs are registered as Category I FPIs, and such instrument is being transferred only to person eligible for registration as Category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of SEBI FPI Regulations. The above-mentioned Category I FPIs may receive compensation from the purchasers of such instruments. Such P-Notes can be issued subject to compliance with the KYC norms and such other conditions as specified by SEBI from time to time, including payment of applicable regulatory fee. P-Notes have not been and are not being offered or sold pursuant to this Placement Document. This Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-Notes, including without limitation, any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control,) is not permitted to be 10% or above of our post-Issue Equity Share capital on a fully diluted basis ("**Investment Restrictions**"). The SEBI has, *vide* a circular dated November 5, 2019, issued the operational guidelines for FPIs, designated depository participants and eligible foreign investors (the "**FPI Operational Guidelines**"), to facilitate implementation of the SEBI FPI Regulations. In terms of such FPI Operational Guidelines, the Investment Restrictions shall also apply to subscribers of P-Notes and two or more subscribers of P-Notes having common ownership, directly or indirectly, of more than 50% or common control shall be considered together as a single subscriber of the P-Notes. Further, in the event a prospective investor has investments as an FPI and as a subscriber of P-Notes, the Investment Restrictions shall apply on the aggregate of the FPI investments and P-Notes positions held in the underlying company.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, read with the Consolidated FDI Policy, issued by the Department for Promotion of Industry and Internal Trade, Government of India, investments where the entity is of a country which shares land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the FDI Policy and FEMA rules. These investment restrictions shall also apply to subscribers of P-Notes.

Affiliates of the BRLM which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof. Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the BRLM do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the BRLM and does not constitute any obligations of or claims on the BRLM.

Bidders interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes, or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of the Preliminary Placement Document and this Placement Document has been submitted to the Stock Exchanges. The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of any of the contents of the Preliminary Placement Document or this Placement Document;

2. warrant that the Equity Shares issued pursuant to this Issue will be listed or will continue to be listed on the Stock Exchanges; or

3. take any responsibility for the financial or other soundness of our Company, our Promoter, its management or any scheme or project of our Company.

It should not for any reason be deemed or construed to mean that the Preliminary Placement Document or this Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquires any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to, or in connection with, such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER DATA

Certain conventions

In this Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to 'you', 'bidder', ''your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the Eligible QIBs who are the prospective investors in the Equity Shares issued pursuant to the Issue, references to the "our Company", the "Company" or the "Issuer" are to Deepak Fertilisers and Petrochemicals Corporation Limited on a standalone basis and references to 'we', 'us', 'our' or the 'Group' are to Deepak Fertilisers and Petrochemicals Corporation Limited together with our Subsidiaries, on a consolidated basis.

Currency and units of presentation

In this Placement Document, references to 'US$', 'USD' and 'U.S. dollars' are to the legal currency of the United States of America, references to '₹', 'INR', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of Republic of India. All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to "India" are to the Republic of India and its territories and possessions and all references herein to the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable.

Figures in this Placement Document have been presented in thousands or in whole numbers where the numbers have been too small to present in lakhs unless stated otherwise. Further, certain figures in the "*Industry Overview*" section of this Placement Document have been presented in lakhs and crore. Our Audited Consolidated Financial Statements for Fiscal 2021 and the Unaudited Consolidated Financial Results as at and for the three months ended June 30, 2021 are prepared in lakhs.

In this Placement Document, references to "lakh(s)" represents "1,00,000" or "0.1 million", "crore(s)" represent "1,00,00,000", "million" represents "0.1 crore" or "10,00,000", and "billion" represents "1,00,00,00,000" or "1000 million" or "100 crore".

Certain figures contained in this Placement Document, including financial information, have been subject to rounding adjustments. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Any such discrepancies between the totals and the sum of the amounts listed are due to rounding off adjustments. All figures in decimals have been rounded off to the second decimal.

Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Page numbers

Unless otherwise stated, all references to page numbers in this Placement Document are to page numbers of this Placement Document.

Financial data and Other Information

The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise, all references to a particular 'financial year', 'Fiscal Year', 'fiscal' or 'FY' are to the twelve-month period ended on March 31 of that year and references to a particular 'year' are to the calendar year ending on December 31 of that year. The financial information disclosed for the period ended June 30, 2021 is for a three-month period, and accordingly, is not comparable with financial information for the relevant financial years.

Our Company has published its Audited Consolidated Financial Statements for the Fiscals 2021, 2020 and 2019 and the Unaudited Consolidated Financial Results as at and for the three months ended June 30, 2021 in Indian Rupees in lakhs. As required under applicable regulations, and for the convenience of prospective investors, we have included the following in this Placement Document:

- audited consolidated financial statements of our Company and its subsidiaries as at and for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019, prepared in accordance with the Indian Accounting Standard (referred to as "Ind AS"), as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India and other relevant provisions of the Companies Act (collectively, the "**Audited Consolidated Financial Statements**");

- unaudited consolidated financial results of our Company and its subsidiaries as at and for the three months ended June 30, 2021 prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards 34 'Interim Financial Reporting' prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India (the "**Unaudited Consolidated Financial Results**").

Our Statutory Auditors, P G Bhagwat LLP, Chartered Accountants, have audited our Audited Consolidated Financial Statements as at and for the years ended March 31, 2021 and have issued audit report dated May 28, 2021 on such financial statements. See "*Risk Factors – The auditors' report on our Company's financial statements as at and for the years ended March 31, 2021, March 31, 2020, March 31, 2019 and March 31, 2018 contain certain matters of emphasis/observations by the respective auditors. We cannot assure you that such matters of emphasis will not arise in the future.*" on page 43.

The Unaudited Consolidated Financial Results have been subjected to limited review by our Statutory Auditors and they have issued their report dated August 10, 2021, based on their review conducted in accordance with Standard on Review Engagement (SRE) 2410 issued by the Institute of Chartered Accountants of India ("**ICAI**").

The Audited Consolidated Financial Statements should be read along with the respective audit reports, and the Unaudited Consolidated Financial Results should be read along with the respective review reports. Further, our Unaudited Consolidated Financial Results are not necessarily indicative of results that may be expected for the full financial year or any future reporting period and are not comparable with the annual financials.

Our Company prepares its annual and quarterly financial statements in accordance with Ind AS or Ind AS 34 as applicable. Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including generally accepted accounting principles followed in the U.S. ("**U.S. GAAP**") or International Financial Reporting Standards ("**IFRS**"). Our Company does not attempt to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Placement Document, nor does our Company provide a reconciliation of its Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results to IFRS or U.S. GAAP. Accordingly, the degree to which the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results included in this Placement Document will provide meaningful information is entirely dependent on the reader's familiarity with the respective Indian accounting policies and practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited. Please see "*Risk Factors*" on page 39.

Unless otherwise stated or unless the context requires otherwise, the financial information contained in this Placement Document as at and for the year ended March 31, 2021 is derived from the Audited Consolidated Financial Statements as at and for the year ended March 31, 2021, as at and for the year ended March 31, 2020 is derived from the Audited Consolidated Financial Statements as at and for the year ended March 31, 2020, as at and for the year ended March 31, 2019 is derived from the Audited Consolidated Financial Statements as at and for the year ended March 31, 2019, as at and for the three-months ended June 30, 2021 is derived from Unaudited Consolidated Financial Results as at and for the three-months ended June 30, 2021. For details, please see the section entitled "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 224 and 76, respectively.

Non-GAAP financial measures

Certain non-GAAP measures and certain other statistical information such as EBITDA, EBITDA/ton, EBITDA Margins, ROE, Debt/Equity, Interest Coverage Ratio, ROE, PAT Margins, Segment Margin, Utilisation Rates, etc. (together referred as "**Non-GAAP Measures**") presented in this Placement Document are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, Indian GAAP, or IFRS. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance.

Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the year/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, or IFRS. In addition, these Non-GAAP Measures are not a standardised term, hence a direct comparison of similarly titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company's operating performance or liquidity. See "*Risk Factors*" on page 39.

INDUSTRY AND MARKET DATA

Information regarding market size, market share, market position, growth rates and other industry data pertaining to our business contained in this Placement Document consists of estimates based on data reports compiled by governmental bodies, professional organisations and analysts and on data from other external sources, and on our knowledge of markets in which we compete.

Statistical information, industry and market data used throughout this Placement Document has been obtained from the report titled "*Research Report on Chemicals and Fertilizer Industry in India*" prepared by CARE dated October, 2021. This information is subject to change and cannot be certified with complete certainty due to limits on the availability and reliability of raw data and other limitations and uncertainties inherent in any statistical survey.

The CARE Report contains the following disclaimer:

"This report is prepared by CARE Advisory Research and Training Limited (CARE Advisory). CARE Advisory has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in CARE Advisory's proprietary database, and other sources considered by CARE Advisory as accurate and reliable including the information in public domain. The views and opinions expressed herein do not constitute the opinion of CARE Advisory to buy or invest in this industry, sector or companies operating in this sector or industry and is also not a recommendation to enter into any transaction in this industry or sector in any manner whatsoever.

This report has to be seen in its entirety; the selective review of portions of the report may lead to inaccurate assessments. All forecasts in this report are based on assumptions considered to be reasonable by CARE Advisory; however, the actual outcome may be materially affected by changes in the industry and economic circumstances, which could be different from the projections.

Nothing contained in this report is capable or intended to create any legally binding obligations on the sender or CARE Advisory which accepts no responsibility, whatsoever, for loss or damage from the use of the said information. CARE Advisory is also not responsible for any errors in transmission and specifically states that it, or its Directors, employees, parent company – CARE Ratings Ltd., or its Directors, employees do not have any financial liabilities whatsoever to the subscribers/users of this report. The subscriber/user assumes the entire risk of any use made of this report or data herein. This report is for the information of the authorised recipient in India only and any reproduction of the report or part of it would require explicit written prior approval of CARE Advisory.

CARE Advisory shall reveal the report to the extent necessary and called for by appropriate regulatory agencies, viz., SEBI, RBI, Government authorities, etc., if it is required to do so.

By accepting a copy of this Report, the recipient accepts the terms of this Disclaimer, which forms an integral part of this Report."

Neither we nor the BRLM make any representation regarding the accuracy or completeness of such data. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so we have relied on internally developed estimates. Similarly, while we believe our internal estimates to be reasonable, such estimates have not been verified by any independent sources, and neither we nor the BRLM can assure potential Investors as to their accuracy. The extent to which the market and industry data used in this Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. Further, the calculation of certain statistical and/ or financial information/ ratios specified in the sections titled "*Business*", "*Risk Factors*", "*Management's Discussions and Analysis of Results of Operations and Financial Condition*" and otherwise in this Placement Document may vary from the manner such information is calculated under and for purposes of, and as specified in, the CARE Report. Data from these sources may also not be comparable.

Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. Such information involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors – This Placement Document contains certain statistical and industry information which has been derived from an industry report commissioned by us for such purpose. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate.*" on page 55.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical fact constitute "forward-looking statements." Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "can", "could", "may", "objective", "plan", "potential", "project", "pursue", "shall", "should", "will", "would", "will likely result", "is likely", "are likely", "believe", "expect", "expected to", "will continue", "will pursue", "will achieve", or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial condition and results of operations and business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts.

These forward-looking statements and any other projections contained in this Placement Document (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements or other projections.

Important factors that could cause our actual results, performances and achievements to be materially different from any of the forward-looking statements include, among others:

- The fertilizer business is dependent on the performance of the agricultural sector in which such products are used;

- The agricultural industry is seasonal in our country, which may adversely affect the demand for our fertilizers. Any delays and/or defaults in payments from customers could affect the financial conditions of our business;

- Our business could be materially and adversely affected by the outbreak of COVID-19 virus;

- We source a significant proportion of our raw material requirement such as ammonia, phosphoric acid, ammonia sulphate from foreign suppliers. Any fluctuations in the price, availability and quality of raw materials could cause delay and increase our costs;

- We do not have long-term sale agreements for majority for our products. Any deterioration in demand of any of our key products could have an adverse effect on our business, results of operations, financial condition and cash flows;

- We are subjected to certain risks consequent to our operations involving the manufacture, usage and storage of various hazardous substances. Accidents could result in the slowdown or stoppage of our operations and could also cause damage to life and property.

Additional factors that could cause our actual results, performance or achievements to differ include but are not limited to, those discussed in "*Risk Factors*", "*Our Business*", *"Industry Overview"* and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 39, 139, 110 and 76, respectively

By their nature, certain of the market risk disclosures are only estimates and could be materially different from what occurs in the future. As a result, actual future gains, losses or impact on revenue or income could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

The forward-looking statements contained in this Placement Document are based on the beliefs of the management, as well as the assumptions made by and information currently available to the management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct.

Given these uncertainties, investors are cautioned not to rely on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document, and neither we, the BRLM nor any of its affiliates undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or cash flows or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a company incorporated under the laws of India. All our Directors and Key Management Personnel named in this Placement Document, are residents of India and all of the assets of our Company are located in India. As a result, it may be difficult or may not be possible for the prospective investors outside India to affect service of process upon our Company or such persons in India, or to enforce against them judgments of courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A, respectively, of the Code of Civil Procedure, 1908, as amended ("**Civil Procedure Code**"). Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except:

1. where the judgment has not been pronounced by a court of competent jurisdiction;

2. where the judgment has not been given on the merits of the case;

3. where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable;

4. where the proceedings in which the judgment was obtained were opposed to natural justice;

5. where the judgment has been obtained by fraud; and

6. where the judgment sustains a claim founded on a breach of any law then in force in India.

Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record, but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom, United Arab Emirates, Singapore and Hong Kong, amongst others has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A foreign judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution. The suit must be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy of India and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. Further, any judgment or award denominated in a foreign currency would be converted into Indian Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax pursuant to execution of such a judgment in accordance with applicable laws.

EXCHANGE RATES INFORMATION

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares traded on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information, for the period indicated with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per US$), for the periods indicated. The exchange rates are based on the reference rates released by the RBI and Financial Benchmark India Private Limited ("**FBIL**"), which are available on the website of the RBI and FBIL. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

(₹ Per US$)

	Period End[1]	**Average[2]**	**High[3]**	**Low[4]**
Fiscal Ended				
March 31, 2021	73.50	74.20	76.81	72.29
March 31, 2020	75.39	70.88	76.15	68.37
March 31, 2019	69.17	70.94	74.39	68.30
Month Ended				
September 30, 2021	74.26	73.56	74.26	72.96
August 31, 2021	73.15	74.18	74.43	73.15
July 31, 2021	74.39	74.53	74.86	74.28
June 30, 2021	74.35	73.56	74.37	72.77
May 31, 2021	72.52	73.27	74.18	72.48
April 30, 2021	74.02	74.47	75.17	73.31

Source: https://www.fbil.org.in/#/home

1. *The price for the period end refers to the price as on the last trading day of the respective annual or monthly periods.*
2. *Average of the official rate for each Working Day of the relevant period.*
3. *Maximum of the official rate for each Working Day of the relevant period.*
4. *Minimum of the official rate for each Working Day of the relevant period.*
5. *The reference rates are rounded off to two decimal places.*

Note:

- *In case of holidays, the exchange rate on the last traded day of the month has been considered as the rate for the period end.*
- *High, low and average are based on the RBI reference rates and rounded off to two decimal places.*

DEFINITIONS AND ABBREVIATIONS

This Placement Document uses the definitions and abbreviations set forth below which you should consider when reading the information contained herein. The following list of certain capitalised terms used in this Placement Document is intended for the convenience of the reader / prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Placement Document shall have the meaning as defined hereunder. Further, any references to any statute, rules, guidelines, regulations, agreement, document or policies shall include amendments made thereto, from time to time.

The words and expressions used in this Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act, or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in the section "*Industry Overview*", "*Statement of Possible Tax Benefits*", "*Legal Proceedings*" and "*Financial Statements*" on pages 110, 204, 213 and 224, respectively, shall have the meaning given to such terms in such sections.

General Terms

Term	Description
"Our Company" or "the Company" or "the Issuer"	Deepak Fertilisers and Petrochemicals Corporation Limited incorporated under the Companies Act, 1956, with its registered and corporate office at Sai Hira, Survey No. 93, Mundhwa, Pune - 411 036, Maharashtra, India
"We", "us", "our", "DFPCL"	Unless the context otherwise requires, indicates or implies or unless otherwise specified, our Company together with our Subsidiaries and Associate on a consolidated basis
STL	Smartchem Technologies Limited, the wholly owned material subsidiary of the Company
PCL	Performance Chemiserve Limited, the step down material subsidiary of the Company

Company Related Terms

Term	Description
Articles / Articles of Association / AoA	The articles of association of our Company as amended from time to time
Audit Committee	Audit committee of our Company as disclosed in the section entitled "*Board of Directors and Senior Management*" on page 156
Audited Consolidated Financial Statements	Collectively, the audited consolidated financial statements of our Company and its subsidiaries as of and for the years ended March 31, 2021, 2020 and 2019 which have been prepared in accordance with the Ind AS, as specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Companies Act, 2013 to the extent applicable, each comprising of the consolidated balance sheet, consolidated statement of profit and loss, including other comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the years then ended, and notes to the respective consolidated financial statements.
Auditors or Statutory Auditors	The current statutory auditors of our Company, namely, P G Bhagwat LLP, Chartered Accountants
Board of Directors / Board / our Board	The Board of Directors of our Company, or a duly constituted committee thereof
Corporate Social Responsibility Committee	Corporate social responsibility committee of our Company as disclosed in the section entitled "*Board of Directors and Senior Management*" on page 156
Director(s)	Director(s) of our Company, unless otherwise specified
Equity Shares	The equity shares of our Company of face value ₹ 10 each
Independent Director(s)	The non-executive, independent Directors of our Company appointed as per the Companies Act, 2013 and the SEBI Listing Regulations
Key Management Personnel	Key management personnel of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 156
Memorandum/ Memorandum of Association / MoA	The Memorandum of Association of our Company, as amended from time to time

Term	Description
Nomination and Remuneration Committee	Nomination and remuneration committee of our Company as disclosed in "*Board of Directors and Senior Management*" on page 156
Non-Executive Non-Independent Director	Non-executive non-independent director of our Company. For details, see "*Board of Directors and Senior Management*" on page 156
Promoter	The promoters of our Company, namely, Chimanlal Khimchand Mehta, Sailesh Chimanlal Mehta, Parul Sailesh Mehta, Nova Synthetics Limited, Robust Marketing Services Private Limited and Sofotel Infra Private Limited
Promoter Group	The promoter group of our Company as determined in terms of Regulation 2(1)(zb) of the SEBI ICDR Regulations
Registered and Corporate Office	Registered and corporate office of our Company situated at Sai Hira, Survey No. 93, Mundhwa, Pune - 411 036, Maharashtra, India
Risk Management Committee	Risk management committee of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 156
RoC / Registrar of Companies	Registrar of Companies, Maharashtra
Shareholder(s)	The holders of the Equity Shares of our Company, from time to time
Subsidiaries	Subsidiaries of our Company as defined under the Companies Act, 2013 and the applicable accounting standards, namely: 1. Smartchem Technologies Limited; 2. Platinum Blasting Services Pty Limited; 3. Australian Mining Explosives Pty Limited; 4. Performance Chemiserve Limited (formerly known as Performance Chemiserve Private Limited); 5. Deepak Mining Services Private Limited; 6. Complete Mining Solutions Private Limited (formerly known as Runge Pincock Minarco India Private Limited); 7. SCM Fertichem Limited; 8. Deepak Nitrochem Pty Limited; 9. Mahadhan Farm Technologies Private Limited; 10. Ishanya Brand Services Limited; and 11. Yerrowda Investments Limited
Unaudited Consolidated Financial Results	Unaudited consolidated financial results of our Company and its subsidiaries as at and for the three-months ended June 30, 2021 prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards 34 'Interim Financial Reporting' prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India

Issue Related Terms

Term	Description
Allocated/ Allocation	The allocation of Equity Shares following the determination of the Issue Price to investors on the basis of Application Forms submitted by them, in consultation with the BRLM and in compliance with Chapter VI of the SEBI ICDR Regulations
Allotment/ Allotted	The issue and allotment of Equity Shares pursuant to this Issue
Allottee(s)	Bidders who are Allotted Equity Shares of our Company pursuant to this Issue
Application Form	The form (including any revisions thereof) pursuant to which a Bidder indicates its interest to subscribe for the Equity Shares of our Company pursuant to the Issue
Bid(s)	An indication of interest by a QIB, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for Equity Shares to be issued pursuant to this Issue
Bidder(s)	An Eligible QIB who has made a Bid pursuant to the terms of the Preliminary Placement Document and the Application Form
Bidding Period/ Issue Period	The period between the Issue Opening Date and Issue Closing Date, inclusive of both dates, during which the Bidders submitted their Bids

Term	Description
Book Running Lead Manager/ BRLM	IIFL Securities Limited
CAN/ Confirmation of Allocation Note	Note or advice or intimation to Bidders confirming the Allocation of Equity Shares to such Eligible QIBs after determination of the Issue Price, and requesting payment for the entire applicable Issue Price for all the Equity Shares Allocated to such Eligible QIBs
Closing Date	The date on which the Allotment of the Equity Shares offered pursuant to this Issue shall be made, i.e., on or about October 23, 2021
Cut-off Price	The Issue Price of the Equity Shares to be issued pursuant to the Issue finalised by our Company in consultation with the BRLM
Designated Date	The date of credit of Equity Shares pursuant to the Issue to the Allottee's demat account, as applicable to the relevant Allottee
Eligible FPIs	FPIs that are eligible to participate in this Issue in terms of applicable law, other than individuals, corporate bodies and family offices
Eligible QIBs	QIBs that are eligible to participate in the Issue and which are not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations and are not restricted from participating in the Issue under applicable law. In addition, Eligible QIBs are QIBs who are outside the United States, to whom Equity Shares are being offered in "offshore transactions", as defined in, and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers, and sales are made.
Escrow Account	The account titled '*DEEPAK FERTILIZERS AND PETROCHEMICALS CORPORATION LIMITED – QIP ESCROW ACCOUNT*' opened with the Escrow Agent, subject to the terms of the Escrow Agreement, into which the application monies was payable by the Bidders in connection with subscription to Equity Shares pursuant to the Issue was deposited
Escrow Bank/ Escrow Agent	Axis Bank Limited
Escrow Agreement	The agreement dated October 19, 2021 entered into amongst our Company, the Escrow Agent and the BRLM
Floor Price	The floor price ₹ 422.48 per Equity Share, which has been calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Company has offered a discount of ₹ 12.48 per Equity Share on the Floor Price in accordance with the approval of the Shareholders accorded through a special resolution passed on August 26, 2021 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.
Issue	The issue and Allotment of 1,24,39,029 Equity Shares each at a price of ₹ 410 per Equity Share, including a premium of ₹400 per Equity Share, aggregating to ₹ 5,10,00,01,890 pursuant to Chapter VI of the SEBI ICDR Regulations and other applicable provisions of the Companies Act, 2013 and the rules made thereunder
Issue Closing Date	October 22, 2021, the last date up to which the Application Forms was accepted by our Company (or the BRLM, on behalf of our Company)
Issue Opening Date	October 19**,** 2021, the date on which the acceptance of the Application Forms commenced by our Company (or the BRLM, on behalf of our Company)
Issue Price	A price per Equity Share of ₹ 410
Issue Size	The aggregate size of the Issue, aggregating to ₹ 5,10,00,01,890
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended
Mutual Fund Portion	10% of the Equity Shares proposed to be Allotted in the Issue, which is available for Allocation to Mutual Funds
Pay-In Date	Last date specified in the CAN for the payment of application monies by Bidders in the Issue
Placement Agreement	The agreement dated October 19, 2021 between our Company and the BRLM
Placement Document	This placement document dated October 22, 2021 issued in accordance with Chapter VI of the SEBI ICDR Regulations and other applicable provisions of the Companies Act, 2013 and the rules made thereunder

Term	Description
Preliminary Placement Document	The preliminary placement document dated October 19, 2021 issued in accordance with Chapter VI of the SEBI ICDR Regulations and other applicable provisions of the Companies Act, 2013 and the rules made thereunder
QIBs/ Qualified Institutional Buyers	A qualified institutional buyer as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
QIP	Qualified institutions placement, being a private placement to Eligible QIBs under Chapter VI of the SEBI ICDR Regulations and applicable sections of the Companies Act, 2013, read with applicable provisions of the Companies (Prospectus and Allotment of Securities) Rules, 2014
Relevant Date	October 19, 2021, which is the date of the meeting wherein the Board of Directors, or a duly authorised committee, decided to open the Issue
Stock Exchanges	Together, NSE and BSE
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Application Amount along with the Application Form and who will be Allocated Issue Shares
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, India

Conventional and General Terms/Abbreviations

Term	Description
AGM	Annual general meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
BSE	BSE Limited
Category III Foreign Portfolio Investors	An FPI registered as a category III foreign portfolio investor under the SEBI FPI Regulations
CAGR	Compounded Annual Growth Rate
Cash Profit after Tax	Profit after tax less total of Depreciation and amortisation expense Plus Provision for doubtful debts plus Provision for doubtful advances, loans and other receivables plus Changes in fair value of financial assets at FVTPL plus Provision for stores and spares plus Provision for CWIP plus Unrealised (gain)/loss on derivative contracts plus Unrealised foreign exchange fluctuation (gain)/loss
CDSL	Central Depository Services (India) Limited
CESTAT	Custom Excise and Service Tax Appellate Tribunal
CIN	Corporate identification number
Civil Code	The Indian Code of Civil Procedure, 1908
Companies Act/ Companies Act, 2013	The Companies Act, 2013 and the rules made thereunder
Companies Act, 1956	The erstwhile Companies Act, 1956 and the rules made thereunder
Competition Act	The Competition Act, 2002
Consolidated FDI Policy	The consolidated FDI Policy, issued by the Department of Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, by way of circular bearing number DPIIT file number 5(2)/2020-FDI Policy dated October 15, 2020 effective from October 15, 2020 and any modifications thereto or substitutions thereof, issued from time to time
CARE	CARE Advisory Research and Training Limited
CARE Report	Report titled "Research Report on Chemicals and Fertilizer Industry in India" dated October, 2021, prepared by CARE
CSR	Corporate Social Responsibility
Depositories Act	The Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations
DP/ Depository Participant	A depository participant as defined under the Depositories Act
DIN	Director Identification Number

Term	Description
EBITDA	Profit/(loss) after tax for the year adjusted for income tax expense, finance costs, depreciation and amortisation expense less other income, as presented in the statement of profit and loss
EBITDA Margin	EBITDA divided by Revenue from operations
EGM	Extraordinary general meeting
EPS	Basic and diluted earnings per Share i.e., profit after tax for a financial year divided by the weighted average number of equity shares during the financial year
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FEMA Regulations	Foreign Exchange Management (Transfer of Issue of Security by a Person Resident outside India) Regulations, 2017
Financial Year / Fiscal Year/ Fiscal/ FY	A period of 12 months ending March 31, unless otherwise stated
FPI/ Foreign Portfolio Investor(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations.
FVCI	Foreign venture capital investors as defined under and registered with SEBI pursuant to the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
GAAP	Generally accepted accounting principles
GDP	Gross domestic product
GoI/ Government	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
IAS Rules	Companies (Indian Accounting Standards) Rules, 2015, as amended
ICAI	The Institute of Chartered Accountants of India
Ind AS	Indian accounting standards as notified by the MCA pursuant to Section 133 of the Companies Act read with the IAS Rules
Indian GAAP	Generally accepted accounting principles in India
Income Tax Act/IT Act	The Income tax Act, 1961
Interest Coverage Ratio	Cash profit after tax plus finance cost divided by finance cost for the year
ITAT	Income Tax Appellate Tribunal
Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
MCA	Ministry of Corporate Affairs
MIS	Management information system
MoU	Memorandum of Understanding
Networth	Aggregate of paid up share capital and other equity
Net Debt/Equity	[Total of Current Borrowings plus Non Current Borrowings (including current maturities of non current borrowings)] reduced by [total of cash and cash equivalent plus other bank balance (excluding unclaimed dividends) plus current investments] divided by EBITDA
Net Debt/EBITDA	[Total of Current Borrowings plus Non Current Borrowings (including current maturities of non current borrowings)] reduced by [total of cash and cash equivalent plus other bank balance (excluding unclaimed dividends) plus current investments] divided by Total Equity
Non-Resident Indian(s)/ NRI	Non-Resident Indian, as defined under Foreign Exchange Management (Deposit) Regulations, 2016
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum
PAN	Permanent account number
PAT	Profit after tax / profit for the respective period / year
PBT	Profit before tax
RBI	The Reserve Bank of India

Term	Description
RBI Act	The Reserve Bank of India Act, 1934
Regulation S	Regulation S under the U.S. Securities Act
Revenue	Revenue from operations is net of Goods and Service Tax as applicable.
Rs/Rupees/Indian Rupees	The legal currency of India
RoC	Registrar of Companies, Maharashtra
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
Segment Margin	Segment revenue from operations divided by Segment Result
Segment Result	Profit before tax + unallocated corporate overheads and finance Cost
Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
Ltd.	Limited
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEZ	Special Economic Zone
Supreme Court	Supreme Court of India
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
U.S. GAAP	Generally accepted accounting principles in the United States of America
U.S.$ / USD / U.S. dollar	United States Dollar, the legal currency of the United States of America
U.S. Securities Act	United States Securities Act of 1933, as amended
USA/ U.S./ United States	The United States of America
VCF	Venture capital fund as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be

Technical and Industry Terms

Term	Description
AN	Ammonium Nitrate
ANFO	Ammonium Nitrate Fuel Oil
ANP	Ammonium Nitrate Phosphate
ASEAN	Association of Southeast Asian Nations
B2B	Business-to-Business
B2C	Business-to-consumer
CAGR	Compounded Annual Growth Rate
CNB	Chemicals and Crop nutrition business
CO2	Carbon dioxide
CY	Calendar Year
Debt/Equity	Total debt divided by total equity
Environment Act	The Environment Protection Act, 1986, as amended
ESI Act	The Employees State Insurance Act, 1948, as amended
Factories Act	The Factories Act, 1948, as amended
FDA	Food and Drugs Administration
FPO	Farmer Producer Organisation
GVA	Gross Value Added
HDAN	High Density Ammonium Nitrate
IEM	Industries Entrepreneur Memorandum
IMF	International Monetary Fund
IPA	Isopropyl Alcohol

Term	Description
LDAN	Low Density Ammonium Nitrate
MTPA	Million Tonnes Per Annum
NASSCOM	National Association of Software and Service Companies
NP	Nitrogen Phosphorous
NPK	Nitrogen Phosphorous Potassium
PH Euro	European Pharmacopoeia
R&D	Research and Development
REACH	Registration, Evaluation, Authorisation and Restriction of chemicals
SMEs	Small and medium-sized enterprises
TAN	Technical Ammonium Nitrate
TNT	Trinitrotoluene
USP	United States Pharmacopeia
WHO	World Health Organization

SUMMARY OF BUSINESS

We are one of India's leading manufacturers of industrial chemicals and fertilizers with over forty years of legacy. Our product portfolio spans across industrial chemicals, bulk and specialty fertilisers, farming diagnostics and solutions, technical ammonium nitrate and value-added real estate and supports critical sectors of the economy such as infrastructure, pharmaceuticals, mining and agriculture. (*Source – CARE Report*). We are the largest manufacturers of TAN and the only manufacturer of TAN solids in India on an aggregate basis accounting for more than 50% of the total TAN capacity in India. In order to further meet the rising demand for TAN and to reduce reliance on import, we propose to set up a TAN manufacturing plant in the Eastern Coast of India. We are the leading player in production of IPA, nitric acid and has leading installed capacity of nitric acid in South West Asia *(South West Asia region includes Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka).* (*Source – CARE Report*). We are an ammonia downstream products company and hence are backward integrated in ammonia manufacturing which provides us the flexibility to manage demand variations and enables us to mitigate price volatility risks in our key raw material. Further, our manufacturing facilities at Taloja and Panipat caters to nutritional needs of agriculture sector across Maharashtra, Karnataka, Haryana and Gujarat.

We divide our business in two segments , which are Chemicals and Crop nutrition business ("**CNB**"):

Segment	Products	End use sectors
Chemicals	**Industrial chemicals:** Concentrated Nitric Acid, Diluted Nitric Acid, Iso Propyl Alcohol, methanol, Liquid CO2 **Mining chemicals:** Low Density Ammonium Nitrate ("**LDAN**"), High Density Ammonium Nitrate ("**HDAN**") and Ammonium Nitrate Melt	Pharmaceuticals, Nitro Aromatics, Paints and Coatings, Steel, Inks, Explosives, Dyes, Agrochemicals, Cosmetics, Adhesives, Health and Hygiene
Crop Nutrition	Nitro phosphate, Differentiated NPK grade and Bentonite Sulphur	Agriculture

We maintain leadership position in the chemicals across product segments.

Industrial chemicals: We are also the largest manufacturer of Nitric Acid and IPA in India. Our output of IPA stood at around 55 thousand tonnes during the Fiscal 2021 and the nitric acid output and production during the Fiscal 2021 stood at 803 thousand tonnes. We also have leading installed capacity of nitric acid in South West Asia *(South West Asia region includes Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka).* (*Source – CARE Report*) We use virgin IPA from our IPA manufacturing plant at Taloja to produce sanitizer (using WHO recommended formula), which is effective against microbes like fungi, bacteria and virus.

Mining chemicals: In mining chemicals segment, we are one of the leading manufacturers of TAN in the world producing HDAN, LDAN and Ammonium Nitrate Melt. We are the only producer of TAN solids in India. (*Source – CARE Report*) We manufacture medical grade Ammonium Nitrate which is widely used in the production of medical grade Nitrous Oxide which is used as an anesthetic and analgesic.

Crop nutrition business: Our crop nutrition business offers consistent and high purity product such as Nitro Phosphate fertilisers, NPK fertilisers, Bentonite Sulphur and water-soluble fertiliser under the brand name 'Mahadhan'. Our CNB has strong presence in Maharashtra, Karnataka and Gujarat regions which collectively known as the horticultural belt of India. (*Source – CARE Report*) We have also expanded our geographical reach to south and north states of India (Andhra Pradesh, Chhattisgarh, Haryana, Madhya Pradesh, Punjab, Rajasthan, Tamil Nadu, Telangana and Uttar Pradesh). Its products operate largely around cash crops such as sugarcane, cotton, soyabean, onion, paddy and horticulture.

We are a preferred chemical partner, offering value added and innovative customer-centric products and solutions. We have introduced several differentiated products and services across our business verticals. Our research and development capabilities coupled with our technology and stringent quality and testing standards allow us to offer a wide range of products which are abreast with the latest technological advancement. Our NACL accredited research and development vertical primarily focus on improvement of process & machine technology, manufacturing efficiency, feedstock efficiency, customization of chemicals and new product development. We also work closely with the customers for development of specialty chemicals. The continued focus on R&D has led to development of new specialty chemicals, where the realizations and margins are significantly higher as compared to the regular chemicals. Our strong focus on R&D has driven continuous product innovations such as Nitro Phosphate fertilisers, NPK fertilisers (Smartek) and

Specialty fertilisers like Sulphur Bentonite with fast releasing technology. We are committed to customize our products and to serve our customers by improving portfolio mix to fulfil the ever-growing increasing industry demand.

We are headquartered in Pune with four manufacturing facilities located in Taloja (Maharashtra), Srikakulam (Andhra Pradesh), Panipat (Haryana) and Dahej (Gujarat). Our fully integrated manufacturing facility at Taloja is equipped to manage products from the stage of design to dispatch, lending us competitive advantages such as cost effectiveness and maintenance of quality standards.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Placement Document, including the sections "*Risk Factors*", "*Use of Proceeds*", "*Placement*", "*Issue Procedure*" and "*Description of the Equity Shares*" on pages 39, 68, 186, 172 and 201, respectively.

Issuer	Deepak Fertilisers and Petrochemicals Corporation Limited
Face value	₹ 10 per Equity Share
Issue Price	₹ 410 per Equity Share (including a premium of ₹ 400 per Equity Share)
Floor Price	₹ 422.48 per Equity Share, which has been calculated on the basis of Regulation 176 of the SEBI ICDR Regulations
Discount	₹ 12.48 per Equity Share
Issue Size	Issue of 1,24,39,029 Equity Shares, aggregating to ₹ 5,10,00,01,890 A minimum of 10% of the Issue Size, i.e., 12,43,903 Equity Shares were available for Allocation to Mutual Funds only and the balance 1,11,95,126 Equity Shares were available for Allocation to all Eligible QIBs, including Mutual Funds. In case of under-subscription in the portion available for Allocation to Mutual Funds, such undersubscribed portion may be Allotted to other Eligible QIBs
Date of Board resolution authorizing the Issue	May 28, 2021
Date of Shareholders' resolution authorizing the Issue	August 26, 2021
Dividend	See "*Description of Equity Shares*" and "*Dividends*" on pages 201 and 75
Eligible Investors	Eligible QIBs, to whom the Preliminary Placement Document and the Application Form was delivered and who are eligible to bid and participate in the Issue. For further details, see "*Issue Procedure*" and "*Selling Restrictions*" on pages 172 and 188, respectively. The list of Eligible QIBs to whom the Preliminary Placement Document and Application Form is delivered has been determined by our Company in consultation with the BRLM.
Equity Shares issued and outstanding immediately prior to the Issue	10,81,53,919 Equity Shares
Equity Shares issued and outstanding immediately after the Issue	12,05,92,948 Equity Shares
Issue procedure	This Issue was made only to Eligible QIBs in reliance on Section 42 of the Companies Act, read with Rule 14 of the PAS Rules, and all other applicable provisions of the Companies Act and Chapter VI of the SEBI ICDR Regulations. For further details, see "*Issue Procedure*" on page 172.
Listing and trading	Our Company has obtained in-principle approvals dated October 19, 2021 from BSE and NSE in terms of Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares to be issued pursuant to the Issue Our Company will make applications to each of the Stock Exchanges after Allotment and credit of Equity Shares to the beneficiary account with the Depository Participant to obtain final listing and trading approval for the Equity Shares, to be issued pursuant to this Issue
Lock-up	For details of the lock-up, see "*Placement – Lock-up*" on page 186
Transferability restrictions	The Equity Shares Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognised stock exchange. Allotments made to VCFs, and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in

	relation to lock-in requirement. See "*Issue Procedure*" and "*Selling Restrictions*" on pages 172 and 188, respectively.	
Use of proceeds	The gross proceeds from the Issue is aggregating to ₹ 5,10,00,01,890. The net proceeds from the Issue, after deducting Issue related expenses is expected to be approximately ₹ 4,98,97,65,290. See "*Use of Proceeds*" on page 68 for information regarding the use of Net Proceeds from the Issue	
Risk factors	See "*Risk Factors*" on page 39 for a discussion of risks you should consider before investing in the Equity Shares	
Indian taxation	See *"Statement of Possible Tax Benefits"* on page 204	
Closing Date	The Allotment of the Equity Shares is expected to be made on or about October 23, 2021	
Ranking and dividends	The Equity Shares to be issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* with the existing Equity Shares of our Company, including rights in respect of dividends. The Shareholders who hold Equity Shares as on the relevant record date will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, SEBI Listing Regulations and other applicable laws and regulations. Shareholders may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act. Please see sections "*Dividends"* and "*Description of the Equity Shares"* on pages 75 and 201, respectively.	
Security Codes/ Symbols for the Equity Shares	**ISIN**	INE501A01019
	BSE Code	500645
	NSE Symbol	DEEPAKFERT

SELECTED FINANCIAL INFORMATION

The following tables set out selected financial information derived from our Audited Consolidated Financial Statements, prepared in accordance with Ind AS, as notified by the MCA pursuant to Section 133 of the Companies Act, read with the IAS Rules and other relevant provisions of the Companies Act. For further details, please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*", on pages 76 and 224, respectively.

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Consolidated Balance Sheet data as on March 31, 2021, 2020 and 2019 of Deepak Fertilisers and Petrochemicals Corporation Limited

Sr. No.	Particulars	As of March 31, 2021 *(in ₹ lakhs)*	As of March 31, 2020 *(in ₹ lakhs)*	As of March 31, 2019 *(in ₹ lakhs)*
A	**ASSETS**			
1	**Non-current assets**			
	(a) Property, plant and equipment	2,25,347	2,42,615	2,16,883
	(b) Capital work in progress	1,61,574	1,30,956	1,37,022
	(c) Investment property	3,607	3,607	511
	(d) Right of use assets	27,100	18,980	-
	(e) Goodwill on Consolidation	4,368	4,093	2,632
	(f) Other intangible assets	1,663	1,887	864
	(g)Intangible asset under development	312	-	-
	(h)Investment in equity accounted investees	5	5	10
	(i) Financial assets			
	(i) Investments	3	72	72
	(ii) Loans	2,823	-	45
	(iii) Other financial assets	1,740	4,730	3,103
	(j) Deferred tax assets (net)	4,703	4,589	7,353
	(k) Income tax assets (net of provisions)	11,069	12,112	9,090
	(l) Other non-current assets	29,067	28,924	40,680
	Total non-current assets	**4,73,381**	**4,52,570**	**4,18,265**
2	**Current assets**			
	(a) Inventories	63,722	68,369	82,790
	(b) Investment in equity shares (held-for-sale)	-	149	614
	(c) Financial assets			
	(i) Investments	44,920	1,011	24,544
	(ii) Trade receivables	90,612	1,27,580	1,39,626
	(iii) Cash and cash equivalents	16,959	15,757	8,874
	(iv) Bank balances other than cash and cash equivalents	7,672	10,169	2,749
	(v) Loans	1,018	118	129
	(vi) Other financial assets	1,861	2,527	984
	(d) Other current assets	14,177	14,873	33,186
	Total current assets	**2,40,941**	**2,40,553**	**2,93,496**
	TOTAL ASSETS	**7,14,322**	**6,93,123**	**7,11,761**
B	**EQUITY & LIABILITIES**			
1	**Equity**			
	(a) Equity share capital	10,268	8,928	8,820
	(b) Other equity	2,59,991	2,09,150	2,00,965
	Equity attributable to owners of the Company	**2,70,259**	**2,18,078**	**2,09,785**
	(c) Non-controlling Interests	9,701	4,313	4,377
	Total equity	**2,79,960**	**2,22,391**	**2,14,162**
2	**Liabilities**			
	Non-current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	2,18,659	2,08,425	1,77,092
	(ii) Lease liabilities	6,619	6,784	-
	(ii) Other financial liabilities	4,409	170	-
	(b) Provisions	6,708	5,687	4,631
	Total non-current liabilities	**2,36,395**	**2,21,066**	**1,81,723**
	Current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	11,019	71,930	1,17,591
	(ii) Lease liabilities	1,333	1,944	-
	(iii) Trade payables			
	(a) total outstanding dues of micro and small enterprises	1,436	762	307
	(b) total outstanding dues of creditors other than	1,28,240	1,28,687	1,48,092

Sr. No.	Particulars	As of March 31, 2021 *(in ₹ lakhs)*	As of March 31, 2020 *(in ₹ lakhs)*	As of March 31, 2019 *(in ₹ lakhs)*
	micro and small enterprises			
	(iv) Other financial liabilities	43,048	33,722	35,986
	(b) Other current liabilities	4,936	4,476	11,472
	(c) Provisions	7,375	7,421	1,756
	(d) Current tax liabilities (net of advance income taxes)	580	724	672
	Total current liabilities	**1,97,967**	**2,49,666**	**3,15,876**
	Total liabilities	**4,34,362**	**4,70,732**	**4,97,599**
	TOTAL EQUITY AND LIABILITIES	**7,14,322**	**6,93,123**	**7,11,761**

Consolidated Profit and Loss Account data for the years ended March 31, 2021, 2020 and 2019 of Deepak Fertilisers and Petrochemicals Corporation Limited

Sr. No.	Particulars	Year Ended March 31, 2021 *(in ₹ lakhs, except earnings per share)*	Year Ended March 31, 2020 *(in ₹ lakhs, except earnings per share)*	Year Ended March 31, 2019 *(in ₹ lakhs, except earnings per share)*
1	Income			
	(a) Revenue from operations	5,80,849	4,68,538	6,74,206
	(b) Other income	3,267	9,545	5,430
	Total income	**5,84,116**	**4,78,083**	**6,79,636**
2	Expenses			
	(a)Cost of materials consumed	2,89,212	2,61,470	2,83,536
	(b)Purchases of stock-in-trade	84,351	55,471	2,51,930
	(c)Changes in inventories of finished goods and stock-in-trade	6,826	14,017	(6,403)
	(d)Employee benefits expense	36,513	30,617	27,766
	(e)Finance costs	18,771	24,293	22,933
	(f) Depreciation and amortisation expense	21,195	21,353	17,146
	(g)Other expenses (net)	68,416	60,537	71,444
	Total expenses	**5,25,284**	**4,67,758**	**6,68,352**
3	**Profit before share of (loss) of equity accounted investees and income tax (1-2)**	**58,832**	**10,325**	**11,284**
4	Share of (loss) of equity accounted investees	-	(17)	(305)
5	**Profit before tax (3+4)**	**58,832**	**10,308**	**10,979**
6	(a) Current tax	18,672	381	1,351
	(b) Deferred tax	(484)	1,026	2,281
	Total tax expense	**18,188**	**1,407**	**3,632**
7	**Net profit after tax, non-controlling interest and share in (loss) of associates (5-6)**	**40,644**	**8,901**	**7,347**
8	Other comprehensive income (OCI)			
	Items that will not be reclassified to profit or loss			
	Remeasurement of defined employee benefit plans	(840)	(1,121)	(520)
	Income tax relating to this item	243	334	182
	Items that will be reclassified to profit or loss			
	Exchange difference on translation of financial statements of the foreign operations	882	(191)	(190)
	Changes in fair value of investments other than equity shares carried at fair value through OCI #	(69)	-	(51)
	Cash Flow hedge	494	-	-
	Income tax relating to the above item #	(107)	-	18
	Total other comprehensive income, net of tax	603	(978)	(561)
9	**Total comprehensive income (7+8)**	**41,247**	**7,923**	**6,786**
10	Net profit attributable to:			
	- Owners of the Company	40,031	8,726	7,067
	- Non controlling interest	613	175	280
11	Other comprehensive income, net of tax attributable to:			
	- Owners of the Company	294	(911)	(519)
	- Non controlling interest	309	(67)	(42)
12	Total comprehensive income attributable to:			
	- Owners of the Company	40,325	7,815	6,548
	- Non controlling interest	922	108	238

Sr. No.	Particulars	**Year Ended March 31, 2021** *(in ₹ lakhs, except earnings per share)*	**Year Ended March 31, 2020** *(in ₹ lakhs, except earnings per share)*	**Year Ended March 31, 2019** *(in ₹ lakhs, except earnings per share)*
13	Paid-up Equity Share Capital (Face Value of ₹10/- each)	10,268	8,928	8,820
14	Earnings per share (EPS)			
	(face value of ₹10 each)			
	(a) Basic (in ₹)	41.47	9.83	8.01
	(b) Diluted (in ₹)	39.20	9.83	8.01

Consolidated Cash Flow Statement data for the years ended March 31, 2021, 2020 and 2019 of Deepak Fertilisers and Petrochemicals Corporation Limited

Sr. No.	Particulars	Year Ended March 31, 2021 *(in ₹ lakhs)*	Year Ended March 31, 2020 *(in ₹ lakhs)*	Year Ended March 31, 2019 *(in ₹ lakhs)*
I	**Cash flow from operating activities**			
	Profit before tax as per statement of profit and loss	58,832	10,308	10,979
	Adjustments for			
	Depreciation and amortisation expense	21,195	21,353	17,146
	(Profit)/Loss on sale of property, plant and equipment (net)	562	(3,516)	70
	Provision for doubtful trade receivables	2,474	801	175
	Provision for doubtful advances, loans and other receivable	52	-	-
	Bad debts	50	-	-
	Gain on sale of investments	(1,220)	(2,907)	(2,121)
	Changes in fair value of financial assets at fair value through profit or loss	48	89	(145)
	Provision for stores and spares	(28)	303	-
	Provision for capital work in progress	1015	575	-
	Unrealised loss on embedded derivative contracts	(788)	908	-
	Share of loss of equity accounted investees	-	17	305
	Dividend income	-	-	(122)
	Interest income	(923)	(1,048)	(970)
	Finance costs	18,771	24,293	22,933
	Foreign exchange fluctuations loss (net)	(919)	1,504	134
	Cash generated from operations before working capital changes	**99,122**	**52,680**	**48,384**
	Change in trade receivables	34,810	10,988	56,736
	Change in inventories	4,675	14,118	(5,941)
	Change in trade payables	844	(21,978)	57,501
	Change in other financial liabilities	2,441	1,310	(18,056)
	Change in other financial assets	1,576	(1,579)	(1,033)
	Change in other non-current assets	(1,627)	(12,918)	(1,653)
	Change in other current assets	696	18,313	(3,921)
	Change in other security deposits	(609)	-	-
	Change in provisions	(345)	424	592
	Change in employee benefit obligations	-	-	(520)
	Change in derivatives not designated as hedges	-	-	1824
	Change in other current liabilities	460	(1,820)	190
	Cash generated from/ (used in) operations	**1,42,043**	**59,538**	**1,34,103**
	Income taxes paid (net)	(17,293)	(1,711)	(3,102)
	Net cash generated from/ (used in) operating activities	**1,24,750**	**57,827**	**1,31,001**
II	**Cash flows from investing activities**			
	Payment for business acquisition, net of cash acquired	-	(1,396)	-
	Purchase of property, plant and equipment, intangible assets (including Capital work-in-progress)	(23,654)	(44,897)	(72,284)
	Proceeds from sale of property, plant and equipment	270	9,812	74
	Purchase of investments in mutual fund	2,27,002	(2,26,753)	(5,84,367)
	Proceeds from sale of investments in mutual fund	(2,70,534)	2,50,826	5,99,553
	Repayment of loans by employees and other loans given	-	30	279
	Proceeds from issue of shares to non-controlling interest	-	24	64
	Proceeds from sale of investment in associate	944	2,820	-
	Fixed deposit placed	(36,356)	(30,622)	-
	Fixed deposit matured	38,757	23,169	-
	Changes in other bank balances	-	-	(1,902)
	Dividends received from Mutual Funds	-	-	122
	Interest received	1,179	1,409	894
	Net cash (used in) investing activities	**(62,392)**	**(15,578)**	**(57,567)**
III	**Cash flows from financing activities**			
	Proceeds from borrowings - non current	12,700	23,528	32,455
	Repayment of borrowings - non current	(13,604)	(8,239)	-
	Proceeds from issue of foreign currency convertible bonds	11,150	10,549	-

Sr. No.	Particulars	Year Ended March 31, 2021 *(in ₹ lakhs)*	Year Ended March 31, 2020 *(in ₹ lakhs)*	Year Ended March 31, 2019 *(in ₹ lakhs)*
	Proceeds from issue of compulsory convertible debentures	10,500	10,500	-
	Proceeds from borrowings – current	48,923	3,14,676	(82,453)
	Repayment of borrowings – current	(1,10,054)	(3,60,337)	-
	Share warrants Issued	-	-	5,000
	Payment of lease payables	(2,144)	(1,900)	-
	Proceeds from Right issue of Equity shares	17,623	-	-
	Proceeds of call on Share capital	-	2,500	-
	Interest paid	(33,758)	(23,391)	(22,647)
	Dividends paid (including dividend distribution tax)	(2,643)	(3,157)	(6,099)
	Dividends paid to non-controlling interests	-	(108)	-
	Net cash (used in) financing activities	**(61,307)**	**(35,379)**	**(73,744)**
	Net increase / (decrease) in cash and cash equivalents	**1,051**	**6,870**	**(310)**
	Cash and cash equivalents pertaining to business combination	-	13	-
	Cash and cash equivalents at the beginning of the year	15,757	8,874	9,184
	Cash and cash equivalents at end of the year	**16,808**	**15,757**	**8,874**

RISK FACTORS

An investment in equity shares involves a high degree of risk. Investors should carefully consider all the information in this Placement Document, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks occur, our business, financial condition and results of operations could suffer, the price of our Equity Shares could decline, and investors may lose all or part of their investments. The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, financial condition and results of operations. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risks where the effect is not quantifiable and hence has not been disclosed in the applicable risk factors.

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing all or a part of their investment. Investors are advised to read the risk factors described below carefully before making an investment decision in this Issue. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Issue, including the merits and risks involved. Investors should consult their tax, financial and legal advisors about the particular consequences to them of an investment in this Issue. To obtain a complete understanding of our business, this section should be read in conjunction with the sections titled "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Industry Overview" on pages 139, 76 and 110, respectively, as well as the financial statements and other financial information included elsewhere in this Placement Document.

The financial information included in this section for Fiscal 2021, Fiscal 2020 and Fiscal 2019 has been extracted from our Audited Consolidated Financial Statements for Fiscal 2021, Fiscal 2020 and 2019, prepared under Ind AS.

This Placement Document also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements because of certain factors, including considerations described below and in the section titled "Forward Looking Statements" on page 17.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. Unless the context otherwise requires, references in this section "we", "us", "our" or "our Company" are to Deepak Fertilisers & Petrochemicals Corporation Limited on a consolidated basis.

A. INTERNAL RISK FACTORS

1. ***Our fertilizer business is dependent on the performance of the agricultural sector in which such products are used.***

   For Fiscals 2021, 2020 and 2019, the total revenue (including other operating income) from our fertilizer business was ₹2,63,667 lakhs, ₹1,91,115 lakhs and ₹ 2,27,280 lakhs respectively. Our fertilizer business is dependent on the performance of the agricultural sector in which these products are used. The performance of the agricultural sector and consequently the demand for our fertilizers and other products, is dependent on area under cultivation, soil quality, climatic conditions including dispersal of rains and adequacy of monsoon, adequacy of water levels in reservoirs, crop prices, and availability of credit to farmers which are beyond our control. Further, the demand for our fertilizers is dependent on the cropping pattern which may vary year on year for the major crops. Any reduction in area under cultivation, adverse cropping pattern, climatic condition, erratic or inadequate monsoon and consequent scarcity of water or other developments affecting the performance of agricultural sector in which our products are used, may adversely affect our business, results of operations and financial condition. Further, global warming and other changes to the weather pattern are being witnessed globally which may make it difficult for us to place reliance on weather forecasts and growth opportunities.

2. ***The agricultural industry is seasonal in our country, which may adversely affect the demand for our fertilizers. Any delays and/or defaults in payments from customers could affect the financial conditions of our business.***

   Our fertilizer business is seasonal and we are strategically located to cater to the horticulture rich and cash crop capital states of Maharashtra, Karnataka and Gujarat. Farmers tend to apply fertilizer during two short application periods, the two major crop seasons in the country, i.e., rabi and kharif. The strongest demand for our products typically occurs during the planting season. In contrast, we generally produce our products throughout the year. As a result, we and our customers generally build inventories during the low demand periods of the year in order to ensure timely product availability during the peak sales seasons. The seasonality of fertilizer demand results in our sales volumes and net sales being highest during the agricultural seasons and our working capital requirements typically being highest just prior to the start of the agricultural season. The degree of seasonality of our fertilizer business can change significantly from year to year due to conditions in the agricultural industry and other factors. As a consequence of our seasonality, we expect that our distributions will be volatile and will vary quarterly and annually.

If seasonal demand exceeds our projections, we will not have enough product and our customers may acquire products from our competitors, which would result in opportunity loss to the Company. If seasonal demand is less than we expect, we will be left with excess inventory that will have to be stored or liquidated, which may adversely affect our business, results of operations and financial condition. Further, any delays and/or defaults in payments from customers could affect the financial conditions of our business.

3. ***Our business could be materially and adversely affected by the outbreak of COVID-19 virus.***

The outbreak of the COVID-19 pandemic and its continuing impact, as well as government measures to reduce the spread of COVID-19, have had a substantial impact on our operations across India and abroad since last week of March 2020. The impact of the pandemic on our business, operations and future financial performance have included and may in the future include disruption in relation to availability, supply and transportation of our products and our raw materials and maintenance of demand-supply balance. Further, our employees including operations staff run the risk of getting affected by COVID-19. This in turn is likely to adversely affect our business, financial condition and results of operations.

Remote working arrangements for our employees may have a negative impact on our operations; the execution of our business plans; our ability to recruit, train, manage, and retain employees; the productivity and availability of key personnel and other employees necessary to conduct our business; and on third-party service providers who perform critical services for us, or otherwise cause operational failures due to changes in our normal business practices necessitated by the outbreak and related governmental actions. If a natural disaster, power outage, connectivity issue, or other event occurred that impacted our employees' ability to work remotely, it may be difficult or, in certain cases, impossible, for us to continue our business for a substantial period of time. The increase in remote working may also result in increased consumer privacy, data security, and fraud risks, and our understanding of applicable legal and regulatory requirements, as well as the latest guidance from regulatory authorities in connection with the COVID- 19 pandemic, may be subject to legal or regulatory challenge, particularly as regulatory guidance evolves in response to future developments.

More generally, the COVID-19 pandemic has and is expected to continue to adversely affect economies and financial markets globally, leading to a continued economic downturn, which may decrease spending generally and could adversely affect demand for our services. It is not possible at this time to estimate the full impact that COVID-19 will have on our business, as the impact will depend on future developments, which are highly uncertain and cannot be predicted such as new information which may emerge concerning the severity of the coronavirus, spread of new strains of the coronavirus, the scope and duration of the pandemic, any recovery period, future actions taken by governmental authorities in response to the pandemic, the effects on our clients, counterparties, employees and third-party service providers, the actions taken globally to contain the coronavirus or treat its impact, among others. As a result of these uncertainties, the impact may vary significantly from that estimated by our management from time to time, and any action to contain or mitigate such impact, whether government-mandated or opted by us may not have the anticipated effect or may fail to achieve its intended purpose altogether. In addition, while vaccination processes have been initiated globally, achieving a complete vaccination scale may take significant amount of time and accordingly, normalcy of businesses may also take a significant amount of time. Although we continue to monitor the situation and may adjust our current policies as more information and public health guidance become available, the ongoing effects of the COVID-19 pandemic and/or the precautionary measures that we have adopted may create operational and other challenges, any of which could harm our business and results of operations.

Moreover, to the extent the COVID-19 pandemic adversely affects our business, financial condition, and results of operations, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section, including but not limited to, those related to our ability to increase sales to existing and new clients, continue to perform on existing contracts, expand our marketing capabilities and sales organization, generate sufficient cash flow to service our indebtedness, and comply with the covenants in the agreements that govern our indebtedness.

4. ***We source a significant proportion of our raw material requirement such as ammonia, phosphoric acid, ammonia sulphate from foreign suppliers. Any fluctuations in the price, availability and quality of raw materials could cause delay and increase our costs.***

We are heavily reliant on foreign third-party suppliers for raw materials. As of March 31, 2021, March 31, 2020 and March 31, 2019, we imported 69.43%, 67.02% and 72.51%, respectively of raw materials from other countries. Fluctuations in the price, availability and quality of the raw materials used by us in the manufacturing of our products could have a material adverse effect on our cost of sales. The prices for such product depend largely on the market prices for the raw materials used to produce them. The price and availability of such raw materials may fluctuate significantly, depending on many factors, including import policies of our Government. Any material shortage or interruption in the supply or decrease in the quality of these raw materials due to natural causes or other factors could result in increased production costs that we may not be able to pass on to our customers, which in turn, would have a material adverse effect on our margins and results of operations.

Our raw material suppliers may allocate their resources to service other clients ahead of us and we may also be adversely impacted by delays in arrival of shipments from foreign suppliers due to weather conditions at the loading or unloading port. While we believe that we can find additional vendors to supply raw materials, any failure of our suppliers to deliver these raw materials in the necessary quantities or to adhere to delivery schedules or specified quality standards and technical specifications would adversely affect our production processes and our ability to deliver orders on time and at the desired level of quality.

The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may continue to fluctuate in future. Depreciation of the rupee against foreign currencies may, thus, have an adverse effect on the Company's results of operations. We cannot assure that we will be able to mitigate fully the adverse impact of the fluctuations in exchange rates in terms of our cost of import and return on investment.

Importantly, any change in the policies by the countries, in terms of tariff and non-tariff barriers, from which our Company imports or intends importing raw materials will have an impact on the Company's profitability, which may adversely affect our business, results of operations and financial condition.

5. ***We do not have long-term sale agreements for majority for our products. Any deterioration in demand of any of our key products could have an adverse effect on our business, results of operations, financial condition and cash flows.***

Considering the nature of our businesses, we do not typically enter into long term sale contracts with our customers for majority of our products and there can be no assurance that our existing customers will continue to purchase our products. Most of our arrangements with clients are through purchase orders and we have not entered into any contracts with such clients. Any termination of such purchase orders, loss or financial weakness of any of our large customers could adversely affect our financial results. Our customers place orders with us from time to time, on transaction basis, for the purchase of our products. The loss of any of our key customers or a significant decrease in orders received from such customers as a result of increased competition or other factors may adversely affect our results of operations and cash flows. In addition, certain of our products are commodity products in highly competitive, price sensitive markets, and a significant fluctuation in the price of such commodity products may result in a decrease in orders from or discontinuation of business from key customers. Any failure to continue these contracts or renegotiate these contracts at terms acceptable to us may have an adverse impact on our financial condition, results of operations and cash flows.

Further, our ability to pass on increases in the cost of raw materials and other inputs may be limited in the case of contracts with limited or no price escalation provisions and we cannot assure you that these variations in cost will not lead to financial losses to our Company. We are also subject to the risk that one or more of our existing suppliers may discontinue their operations, which may adversely affect our ability to source raw materials at a competitive price. Any increase in raw material prices may result in corresponding increases in our product costs. Our failure to maintain long-term relationship with our customers could adversely affect our ability to deliver our products to our partners in an efficient, reliable and timely manner, and adversely affect our business, results of operations and financial condition.

6. ***We are subjected to certain risks consequent to our operations involving the manufacture, usage and storage of various hazardous substances. Accidents could result in the slowdown or stoppage of our operations and could***

also cause damage to life and property.

We endeavour to meet necessary safety standards in relation to our operations. However, certain accidents or mishaps may be unavoidable or may occur on account of negligence or human error in complying with the prescribed safety standards or for other reasons. Our manufacturing processes involve manufacturing, storage and transportation of various hazardous substances such as Nitric Acid, IPA and TAN, etc. We are subject to operating risks associated with handling of such hazardous materials such as possibility for leakages and ruptures from containers, explosions, and the discharge or release of toxic or hazardous substances, which in turn may cause personal injury, property damage and environmental contamination**.** In the event of occurrence of any such accidents, our business operations may be interrupted. Any of these occurrences may result in the shutdown of our manufacturing facility and expose us to civil or criminal liability which could have an adverse effect on our results of operations and financial condition. Moreover, certain environmental laws impose strict liability for accident/damages resulting from hazardous substances and any failure to comply with such laws may lead to penalties, fines and imprisonment.

Although we take adequate steps to ensure safety, accidents, including human fatalities, may occur and there can be no assurance that our safety measures and the precautions undertaken will be completely effective or sufficient. Further, if we fail to maintain adequate insurance cover in relation to the foregoing, a claim filed by us with our insurer is rejected, a loss occurs, which does not fall under the insurance cover maintained by us, or our claim is subject to any deductible or delay in settlement, amongst other things, our liability will increase. Any accident may have an adverse impact on our business operations, cash flows, results of operation and financial condition.

7. ***The shutdown or slowdown of operations at any of our manufacturing facilities, underutilisation of our manufacturing capacities or ability to adapt to technological changes may have a material adverse effect on our results of operations.***

   We manufacture our products at our four manufacturing facilities in India. Our manufacturing facilities are subject to various operating risks, including the breakdown or failure of equipment, performance below expected levels of output or efficiency, facility obsolescence or disrepair, labour disputes, natural disasters and industrial accidents. Few of our manufacturing facilities were shut down for few days on account of the COVID-19 induced lockdown in the year 2020. Further, due to floods at our customers site at Dahej and lower economic activity levels, our sale in chemical segment was impacted in Fiscal 2020. Although we take precautions to minimise the risk of any significant operational issues at our manufacturing facilities, the occurrence of any of these risks could adversely affect our operations by causing production at one or more of our facilities to cease or slow down. Capacity utilisation rates at our manufacturing facilities are subject to various factors including availability of raw materials, power, water, efficient working of machinery and equipment and optimal production planning. We cannot assure that we will successfully implement new technologies effectively or adapt its systems to emerging industry standards. Our revenue from manufacturing operations (finished goods) at all locations contributed 83.11%, 82.12% and 60.45% of our total revenue from operations (including other operating income) for Fiscal 2021, Fiscal 2020 and Fiscal 2019, respectively. Any inability to utilise our manufacturing facilities, to their full or optimal capacity, non-utilisation of such capacities or inability to adapt to technological changes may adversely affect our results of operations and financial condition.

8. ***A shortage or non-availability of electricity, water or LNG may affect our manufacturing operations and have an adverse effect on our business, cash flows, results of operations and financial condition***

   The production processes at our manufacturing facilities require a continued supply of electricity and water to ensure that the production process is not disrupted. For instance, in Fiscal 2016, due to unavailability of domestic gas, the Company was unable to manufacture its flagship product Mahadhan Mahapower 24:24:00 post which the Company switched to LNG to produce Mahadhan Mahapower to meet the continuous demand from farmers resulting in loss of revenue in the previous quarter. Further, during Fiscal 2020, there was partial water cut for 42 days for all industries in Taloja Industrial area by MIDC resulting in partial loss of production. We rely on our own captive power plants and at times on state electricity boards for supply of power and rely on external sources for our water requirements. If there is any shortage in supply of electricity, water or LNG, we cannot assure you that our facilities will be operational which will disrupt our operations and increase our production costs. It will affect our ability to continue production operations smoothly at the affected plant and timely deliver our products to our customers, thereby affecting our customer's confidence in us. This may cause loss of our existing customers or adversely affect our ability to attract new customers thereby affecting our business, cash flows, results of operations and financial conditions.

9. ***Our operations are subject to operational risks such as industrial accidents, breakdown of equipment and labour disputes. If any of these risks were to materialize, our business and results of operations could be adversely affected.***

As a manufacturing unit, our operations are subject to risks such as industrial accidents at our plants. Such accidents may adversely affect our business, our reputation and results of operations. For instance, there has been an industrial accident in Fiscal 2017 at Taloja which resulted in fatality of one of our workmen.

Our operations may also be affected by the malfunction or breakdown of our machinery. Any malfunction or breakdown of our machinery or equipment could also adversely affect the quality of products and raw materials stored with us. Consequently, delays in manufacturing may result in the breach of our contractual obligations to our customers that may result in termination of our supply contracts, which could in turn have an adverse effect on our business, results of operations and financial condition.

Majority of our employees including factory workers and contract labourers are also members of trade unions. In the past, we have faced labour unrest including strikes. In the event that we are unable to manage any labour related issues or negotiate any settlement with our employees on acceptable terms, it could result in strikes, work stoppages and increased operating costs as a result of higher than anticipated wages or benefits. In addition, such industrial disruptions or work stoppages may result in production losses and delays in delivery of products, which may adversely affect our business prospects, reputation, and results of operations. We cannot assure you that we shall not experience any strikes or work stoppages in future. Such events could disrupt our operations and may have a material adverse effect on our business and results of operations.

10. ***Our Company and a subsidiary have been subject to search conducted by the Indian income tax authorities. Any adverse determination by the tax authorities in this matter could increase our tax liability and subject us to monetary penalties.***

Search proceedings were initiated by the Income Tax Department in November 2018 against our Company and a subsidiary (the "**Income Tax Search Proceedings**"). Pursuant to the Income Tax Search Proceedings, the Assistant Commissioner of Income Tax, Central Circle, Mumbai issued notices under Section 153A of the Income Tax Act, 1961 for assessment years 2013-2014 to 2018-2019 on January 1, 2020, against our Company. Our Company has filed revised tax returns for the assessment years 2013-2014 to 2018-2019. Our subsidiary, Smartchem Technologies Limited had filed the application with the Income Tax Settlement Commission (in the financial year 2020-21. Following the abolition of the Income Tax Settlement Commission (ITSC) by the Finance Act, 2021, Smartchem Technologies Limited has withdrawn the said application on July 30, 2021. The matter is presently pending.

For details, see "*Financial Statements*" beginning on page 224. In case of any adverse determination in the Income Tax Search Proceedings, may have a material adverse effect on our financial condition, cash flows, and results of operations.

11. ***The auditors' report on our Company's financial statements as at and for the years ended March 31, 2021, March 31, 2020, March 31, 2019, March 31, 2018 and March 31, 2017 contain certain matters of emphasis/observations by the respective auditors. We cannot assure you that such matters of emphasis will not arise in the future.***

The auditors' report on our Company's financial statements as at and for the years ended March 31, 2021, March 31, 2020, March 31, 2019, March 31, 2018 and March 31, 2017 contain certain matter of emphasis/observations relating to such financial statements.

For details, see "*Management Discussion and Analysis of Financial Condition and Results of Operations-Reservations, Qualifications and Adverse Remarks Included in Financial Statements* "*Financial Statements*" beginning on pages 76 and 224, respectively. Investors should consider these matters in evaluating our financial position, cash flows and results of operations. While the opinion of the auditor is not modified in respect of this matter, there can be no assurance that any similar matters of emphasis, or any qualification or reservations will not form part of the consolidated financial statements of our Company for the future periods.

12. ***Exchange rate fluctuations may adversely affect our results of operations as our sales from exports and a portion of our expenditures are denominated in foreign currencies.***

Our financial statements are prepared in Indian Rupees. However, our sales from exports and a portion of our raw materials expenditures are denominated in foreign currencies, mostly the U.S. dollars. For Fiscal 2021, Fiscal 2021 and Fiscal 2019, our revenue from exports was ₹7,424 lakhs, ₹ 8,212 lakhs and ₹ 12,963 lakhs respectively and revenue from exports as a percentage of total revenue was 1.28%, 1.75% and 1.92%, respectively. Therefore, changes in the relevant exchange rates could also affect sales, operating results and assets and liabilities reported in Indian Rupees as part of our financial statements. While we hedge a portion of the resulting net foreign exchange position, we are still affected by fluctuations in exchange rates among the U.S. dollar and the Indian Rupee and we cannot assure you whether hedging or other risk management strategies will be effective.

In the Fiscal 2021, Fiscal 2020 and Fiscal 2019, our Company had imported 69.43%, 67.02% and 72.51% respectively of the raw material, which is denominated in foreign currencies. Therefore, we have high exposure to foreign currency risks in respect of our non-Indian Rupee-denominated trade and other receivables, trade payables, and cash and cash equivalents. An appreciation of the Rupee decreases the Rupee amount of revenue from sales made in foreign currency. A depreciation of the Rupee would result in an increase in the prices of our imported raw materials. Depreciation of the Indian rupee against the U.S. dollar may increase the Indian rupee cost to us of servicing and repaying our foreign currency working capital borrowings and other payments, and any such increase may have an adverse effect on our financial condition, cash flows and results of operation.

We have a Board approved Foreign Currency Hedging Policy and the same is followed for hedging our foreign currency exposure on account of our foreign currency transactions Fluctuations in the value of the Rupee against foreign currencies, to the extent that it is not hedged, would result in gains or losses, which in the case of losses could have a material adverse effect on our business, financial condition, cash flows and results of operations. In addition, the policies of the RBI may also change from time to time, which may limit our ability to effectively hedge our foreign currency exposures and may adversely affect our reported revenues and financial results. We cannot guarantee that we will not experience foreign exchange losses going forward and that such losses will not adversely affect our business, financial condition, cash flows or results of operations

13. ***Environmental laws, health and safety regulations may have a significant adverse impact on our business.***

Our operations are subject to a variety of national, and state regulations relating to the protection of the environment, including those governing the emission or discharge of pollutants into the environment, storage, transportation, disposal and remediation of solid and hazardous waste and materials. Violations of these laws and regulations or permit conditions can result in substantial penalties, injunctive orders compelling installation of additional controls, civil and criminal sanctions, permit revocations or facility shutdowns.
In addition, new environmental laws and regulations, new interpretations of existing laws and regulations, increased governmental enforcement of laws and regulations or other developments could require us to make additional unforeseen expenditures. Many of these laws and regulations are becoming increasingly stringent, and the cost of compliance with these requirements can be expected to increase over time. These expenditures or costs for environmental compliance could have a material adverse effect on our results of operations, financial condition and ability to make cash distributions.

Our business is subject to the occurrence of accidental spills, discharges or other releases of hazardous substances, such as ammonia, sulphuric acid or natural gas into the environment. Past or future spills from our manufacturing facilities or transportation of products or hazardous substances from our facility may give rise to liability (including strict liability, or absolute liability, and potential clean-up responsibility). For instance, we could be held strictly liable under the Public Liability Insurance Act, 1991, without regard to intent or whether our actions were in compliance with the law at the time of the spills. Any mishandling of hazardous substances by us could affect our business adversely and may impose liabilities on our Company. The potential penalties and clean-up costs for releases or spills, liability to third parties for damage to their property or exposure to hazardous substances, or the need to address newly discovered information or conditions that may require response actions could be significant and could have a material adverse effect on our results of operations, financial condition and ability to make cash distributions.

Significantly, environmental laws and regulations on fertilizer end-use and application and numeric nutrient water quality criteria could have a material adverse impact on fertilizer demand in the future. Future environmental laws and regulations on the end-use and application of fertilizers could cause changes in demand for our products. In addition, future environmental laws and regulations, or new interpretations of existing laws or regulations, could limit our ability to market and sell our products to end users and such laws, regulations or interpretations could have a material adverse effect on our results of operations, financial condition and ability to make cash distributions.

14. ***We are dependent upon the requirements and growth prospects of industries where end products are made by using our products such as agriculture, pharmaceuticals, infrastructure, dyes, rubber chemicals***

Our Company is primarily engaged in the business of manufacture, trading and sale of bulk chemicals and fertilizers. Our revenue from operations from sale of manufactured goods (finished goods) as of March 31, 2021, March 31, 2020 and March 31, 2019, was ₹4,83,801 lakhs, ₹ 3,84,753 lakhs and ₹ 4,07,552 lakhs respectively. Further, our revenue from operations from sale of traded goods for Fiscal 2021, Fiscal 2020 and Fiscal 2019 was ₹ 96,505 lakhs, ₹ 81,387 lakhs and ₹ 2,64,201 lakhs respectively. We cater to fast growing core sectors of Indian economy such as infrastructure, mining, agriculture, pharmaceuticals, dyes, rubber chemicals, inks and coatings, etc. Consequently, our revenues are dependent on such industries. Factors affecting any of these industries in general, or any of our customers in particular, could have a significant effect on our business. Such factors include:

(a) seasonality of demand for our customers' products, which may cause our manufacturing capacities to be under-utilized during specific periods;

(b) failure of our customers to successfully market their products or to compete effectively;

(c) loss of market share of our customers, which may lead them to reduce or discontinue the purchase of our products;

(d) economic conditions of the markets in which our customers operate; and

(e) legislations and regulatory initiatives in such industries.

For any of the above reasons or for any other reason whatsoever, in the event sales to our customers were to substantially decrease, our business, results of operations and financial condition could be adversely affected.

15. ***Restrictions on import of raw materials may adversely impact our business and results of operations.***

Our raw material imports are regulated by the Manufacture, Storage and Import of Hazardous Chemical Rules, 1989 that, *inter alia,* allows the concerned authority to stop any import if it is deemed that the chemicals proposed to be imported may cause major accidents. We are unable to assure you that such regulations would not be made more stringent which would consequently restrict our ability to import raw materials from other jurisdictions. We also cannot assure you that, under these circumstances, we will be successful in identifying alternate suppliers for raw materials or we will be able to source the raw materials at favorable terms in a timely manner. Any restriction on import of raw materials could have an adverse effect on our ability to deliver products to our customers, business and results of operations.

16. ***Our failure to manage growth effectively may adversely impact our business, prospects, financial condition and results of operations.***

Our ability to sustain growth depends primarily upon our ability to manage key issues such as our ability to sustain existing relationships with our clients, ability to compete effectively, adhering to high quality and execution standards, our ability to expand our distribution network in India as well as globally, the effectiveness of our marketing initiatives, selecting and retaining skilled personnel, etc. Sustained growth also puts pressure on our ability to effectively manage and control historical and emerging risks. Our inability to effectively manage any of these issues may adversely affect our business growth and, as a result, impact our businesses, prospects, financial condition and results of operations.

17. ***We do not have any long-term relationship with majority of our suppliers for key raw materials such as ammonia and the loss of one or more such supplier could increase the price of the raw materials thereby adversely affecting our business, results of operations, financial condition and cash flows.***

The success of our operations depends on, among other things, our ability to source key raw materials such as ammonia, phosphoric acid, natural gas etc. at competitive prices. Raw materials are subject to supply disruptions and price volatility caused by various factors such as commodity market fluctuations, the quality and availability of raw materials, currency fluctuations, consumer demand, changes in government policies and regulatory sanctions.

The success of our business is significantly dependent on maintaining good relationships with our suppliers. Short term supplier contracts subject us to risks such as price volatility, unavailability of certain raw materials in the short term and failure to source critical raw materials in time, which would result in a delay in manufacturing of the final product. Any delay in supplying products in accordance with the terms and conditions of the purchase orders, such as delivery within a specified time, could result in the customer refusing to accept our products, which could have an adverse effect on our business and reputation. Further, we cannot assure you that we will be able to enter into new or renew our existing arrangements with suppliers on terms acceptable to us, which could have an adverse effect on our ability to source raw materials in a commercially viable and timely manner, if at all, which may adversely affect our business, results of operations and financial condition.

18. ***Our Company, Promoters, Directors and Subsidiaries are involved in certain legal and other proceedings which, if determined against us or our Directors and our Promoters could have a material, adverse effect on our business, results of operations, cash flows and financial condition.***

Our Company, Promoters, Directors and Subsidiaries are currently involved in certain outstanding legal proceedings and claims, including criminal, actions by regulatory/ statutory authorities, tax and civil litigation, which are pending at different levels of adjudication before various courts, tribunals and other authorities. The amounts claimed in these proceedings, to the extent ascertainable and quantifiable, have been disclosed in the section "*Legal Proceedings*" on page 213. Further, in the ordinary course of business, we are also involved in certain proceedings initiated by various quality control inspectors who have collected samples of fertilizers from the stock of our Company and its Subsidiaries and found them to be of non-standard quality under the Fertiliser (Control) Order, 1985 read with the Essential Commodities Act, 1955. Recently, a company petition was filed against our Company before National Company Law Tribunal, Mumbai bench ("**Tribuna**l") to pass an order u/s 9 of the Insolvency and Bankruptcy Code, 2016 alleging the default in making the payment of operational debt amounting to approximately ₹ 187.80 lakhs in relation to the establishment of EPCM Services for the Company (Nitric Acid Project). The matter is yet to be admitted by the Tribunal. Any adverse decision in any of these cases may adversely affect our reputation and financial condition. For further details, see, "*Legal Proceedings*" on page 213.

Decisions in any of the aforesaid proceedings may have a material adverse effect on our business, results of operations, cash flows, financial condition and/ or prospects. Further, such legal proceedings could divert management's time and attention and consume financial resources. If the courts or tribunals rule against us or our Company, Directors, Promoters and Subsidiaries, we may face monetary and/or reputational losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities.

19. ***Delay in completion of the 1500 TPD ammonia Greenfield project, at Taloja may lead to time and cost overrun. Any further delay, in implementation of the same, may have a material adverse effect on results of operations and future growth prospects.***

One of our subsidiary company, PCL, is in the process of implementing greenfield Ammonia manufacturing unit at Taloja, Maharashtra. There has been a delay in implementation of the project and thereby an increase in the project cost, mainly on account of delays in land acquisition, conversion of land into industrial land and delays in obtaining statutory approvals, which has been further worsened by lock downs due to the ongoing COVID 19 pandemic. Further, we may face risks relating to the commissioning and installation of these plant and machineries and equipment for reasons including delays to construction schedules, delays in obtaining statutory approvals, failure of our contractors and suppliers to adhere to our specifications and timelines, non-availability of skilled and unskilled manpower for construction activities due to COVID 19 conditions and changes in the general economic and financial conditions in India. Further as and when we commission our planned use of plant and machineries and equipment, our other requirements and costs as well as our staffing requirements and employee expenses may increase and we may face other challenges in extending our financial and other controls as well as in realigning our management and other resources and managing our consequent growth.

In the event that the risks and uncertainties discussed above or any other unanticipated risks, contingencies or other events or circumstances limit or delay our efforts to achieve the planned growth in our business, the proposed Ammonia production capabilities at Taloja, Maharashtra, for purposes identified by our management, the Company would continue its dependence on imported Ammonia which may not result in achieving planned growth of our business or increased profitability.

20. ***There have been instances in the past of litigation due to perceived deficiency in the products we sell, and we may face potential liabilities in the future from lawsuits or claims from third parties, should they perceive any deficiency in our products, which may adversely impact our business and financial condition.***

We believe in providing quality products and due care is taken to mitigate the associated risks which may happen due to factors beyond our control. We may face the risk of legal proceedings and claims being brought against us by customers on account of sale of any product not meeting the quality parameters. Further, we could also face liabilities should our customers face any loss or damage due to any unforeseen incident or accident, in our stores, which could cause financial and other damage to them. This may result in lawsuits and /or claims against our Company, which may adversely affect the results of our operations and may also result in loss of business and reputation.

If a material product liability claim is successful, our Company's insurance may not be adequate to cover all liabilities it may incur, which may have adverse impact on our business, results of operation, cash flows and financial condition. Further, these actions could require us to expend considerable resources in correcting these problems and could adversely affect demand for our products and reputation. Management resources and significant time could also be diverted from our business towards defending such claims. Even if a product liability claim is not successful or is not fully pursued, the publicity surrounding any alleged contamination or deterioration of the products sold by our Company could have a material adverse effect on our Company's, goodwill, reputation, brand and image.

Although we have not been subject to any material product liability claims, we cannot assure you that we will not be subject to such claims in the future. Further, even if we successfully defend ourselves against a claim, or successfully claim back compensation from others, we may need to spend a substantial amount of money and time in defending such a claim and in seeking compensation.

21. ***We have had negative net cash flows used in investing and financing activities in the past and may continue to have negative cash flows in the future.***

We had negative cash flow used in investing and financing activities as set out below:

(₹ in lakhs)

	Fiscal		
	2021	**2020**	**2019**
Net cash flows (used in)/ from operating activities (A)	1,24,750	57,827	1,31,001
Net cash flows used in investing activities (B)	(62,392)	(15,578)	(57,567)
Net cash flows (used in)/ from financing activities (C)	(61,307)	(35,379)	(73,744)
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	**1,051**	**6,870**	**(310)**
Cash and cash equivalents acquired on business combinations (D)	-	13	-
Net (decrease)/ increase in cash and cash equivalents (A+B+C+D)	**1,051**	**6,883**	**(310)**

For details, see *"Selected Financial Information"* and *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* on pages 32 and 76, respectively. We may in the future experience negative operating cash flows. Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. As a result, our cash flows, business, future financial performance and results of operations could be materially and adversely affected.

22. ***Certain corporate records of our Company are not traceable.***

Corporate records and regulatory filings made by us in relation to certain allotment of equity shares are not traceable. These corporate records include forms filed by our Company with the Registrar of Companies or at the portal maintained by the MCA in relation to allotment of Equity Shares for the period from 1979 to 1987. While our Company believes that these forms were duly filed with the appropriate authority, we have been unable to locate copies of these documents in its records or obtain copies of the same from the appropriate authorities. Accordingly, we have relied on a certificate issued by Jog Limaye & Associates, Company Secretaries, Practicing Company Secretary dated October 8, 2021 and other documents, including the minutes of the meetings of our board of directors and shareholders, our annual reports for those periods, for such matters.

We cannot assure you that all or any of such filings were in fact made in a timely manner or at all or that these filings will be available in the future. While no legal proceedings or regulatory action has been initiated against our

Company in relation to untraceable secretarial and other corporate records and documents as mentioned above, as of the date of this Placement Document, we cannot assure you that such legal proceedings or regulatory actions will not be initiated against our Company in future.

23. ***Failure to estimate optimal manufacturing capacities and product demand could adversely affect our growth/profitability.***

Estimation of optimal manufacturing capacities for our products is critical to our operations. Should we for any reason not invest in expansion of our manufacturing capacity, the same could result in us not being able to meet additional demand for our products, stagnation in our sales and could impact our ability to maintain our market share and add new customers. Conversely, in the event we over- estimate the future demand, we may have excessive capacity, resulting in underutilization of assets or we may have to sell our surplus products at lower margins or losses, which would have a material adverse effect on our profitability and financial condition.

24. ***Certain of our intellectual property rights may not be adequately protected against third party infringement.***

We are the registered owners of certain trademarks including '*Mahadhan*' in various classes. We have also applied for registration of various trademarks in relation to our products, such as '*Cororid*' and '*Coroscope*' in multiple classes. We cannot assure you that we will continue to have the uninterrupted use and enjoyment of these trademarks or logos and our other intellectual property rights. Further, there can be no assurance that we will be granted the registration for such trademarks and logos and until such time any infringement of such mark may adversely affect our business. Further, we may not be able to protect our intellectual property rights against third party infringement and unauthorised use of our intellectual property including our brand on products which are not manufactured by us and which are of inferior quality, and which may adversely affect our brand value and consequently our business. The use of trade names or trademarks by third parties which are similar to our trade names or trademarks may result in confusion among customers and loss of business. In addition, any adverse experience of customers of such third-party products, or negative publicity attracted by such third-party products could adversely affect our reputation and brand and business prospects.

We may also be susceptible to claims from third parties asserting infringement and other related claims relating to trademarks and brands under which we sell our products. Any such claim could adversely affect our relationship with existing or potential customers, result in costly litigation and divert management's attention and resources. An adverse ruling arising out of any intellectual property dispute could subject us to liability for damages and could adversely affect our business, results of operations and financial condition.

25. ***We do not own the properties on which our Registered and Corporate Office and a few of our manufacturing facilities are located.***

We do not own the premises on which our Registered and Corporate Office is located and premises have been leased from third parties. Moreover, the lands on which our manufacturing units at Dahej and Taloja are located have been granted to us on long term leases by the respective State Governments. However, these leases may be terminated by the respective State Government on grounds of violation of the terms of the respective lease agreement. Such terminations may adversely impact our business and results of operations.

26. ***We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.***

We have in the course of our business entered into, and will continue to enter into, several transactions with our related parties in accordance with the applicable laws which include the approval of the audit committee, our Board and Shareholders, as applicable on an arms length basis. However, we cannot assure you that we will receive similar terms in our related party transactions in the future or that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. The transactions we have entered into and any further transactions with our related parties have involved or could potentially involve conflicts of interest which may be detrimental to our Company. We cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on business and financial results, including because of potential conflicts of interest or otherwise. For further details, see *"Financial Statement"* beginning on page 224.

27. ***One of our Promoters has provided a non-disposal undertaking of certain Equity Shares of our Company as security in connection with compulsory convertible debentures issued by our subsidiary STL.***

One of our Promoters, Nova Synthetic Limited, has provided a non-disposal undertaking ("NDU") for 95,36,000 Equity Shares, representing 8.82% of our pre-issue share capital, in favor of IFC Limited in connection with compulsory convertible debentures issued by our subsidiary STL. The NDU would affect the Promoter's ability to dilute their holdings, in case of necessity.

Further there is an obligation in the put option agreement with IFC that, STL would purchase the put shares, as per the said agreement. In the event STL is unable to purchase the Put shares in terms of the said Agreement, entered into with IFC, then IFC has the option to dispose off the unpurchased and unpaid put shares in terms of the said agreement and such an event could result in dilution of our Company's shareholding in the Subsidiary Company STL.

28. ***An inability to expand or manage our distribution network for business or the loss of any significant dealer may adversely affect our business.***

We sell our products through a network of dealers and sub-dealers. For fertilizer business, as of March 31, 2021, we had a network of approximately more than 3,800 dealers and approximately more than 20,000 retailers, having access to approximately 80 lakhs farmers across 12 states in India. The competition for dealers and sub-dealers is intense in our industry and many of our competitors continue to expand their distribution networks. There can be no assurance that we will be able to successfully expand, maintain or manage our large distribution network and strengthen our relationship with our significant dealers in the future. If we lose any of our dealers or sub-dealers to competitors, we may lose some or all favourable arrangements with such dealers or sub-dealers and could result in weakening or termination of our relationships with other dealers and sub-dealers. Any loss of such significant dealer may adversely affect our business, results of operations and financial condition.

29. ***We rely on third-party providers of transportation services, which subjects us to risks and uncertainties beyond our control that may have a material adverse effect on our results of operations, financial condition and ability to make distributions.***

We regularly use third-party transportation providers for the supply of most of our raw materials and for deliveries of our finished products to our warehouses and dealers. For instance, we employ cost and freight shipping for the import of our raw materials and railways or road transport for transporting our finished goods. These transportation operations, equipment and services are subject to various hazards, including extreme weather conditions, work stoppages, delays, spills, derailments and other accidents and other operating hazards.

In the recent past, transportation costs have been steadily increasing with the rise in inflation. Continuing increases in transportation costs may have an adverse effect on our business and/or results of operations. Further, strikes by members of various transportation worker unions could have an adverse effect on our receipt of supplies and our ability to deliver our finished products. Any delay in our ability to transport our finished products as a result of these transportation companies' failure to operate properly, stringent regulatory requirements affecting such hazardous chemicals, or significant increases in the cost of these services or equipment could have a material adverse effect on our results of operations.

30. ***We are required to obtain and maintain certain regulatory approvals in respect of our operations. Our failure to obtain and renew compliance requirements and regulatory approvals required for our business may be detrimental for our business.***

We are governed by various laws and regulations for our business and operations. We are required, and will continue to be required, to obtain and hold relevant licenses, approvals, consents and permits at the local, state and central government levels for undertaking our business. Most governmental approvals required to run our manufacturing operations are valid for certain period and require regular renewals such as those required to be obtained under the Factories Act, 1948, the Water (Prevention and Control of Pollution) Act, 1974. The approvals, licenses, registrations and permits obtained by us may contain conditions, some of which could be onerous. Additionally, we will need to apply for renewal of certain approvals, licenses, registrations and permits, which expire or seek fresh approvals, from time to time, as and when required in the ordinary course of our business.

We cannot assure you that we will be able to timely apply for, whether fresh or renewal, all approvals, consents, permits, registrations and clearances required for undertaking our business from time to time. There can be no assurance that the relevant authority will issue an approval or renew expired approvals within the applicable time period or at all. Any delay in receipt or non-receipt of such approvals, could result in cost and time overrun, imposition of penalties, or result in the interruption of our operations, which could adversely affect our related operations.

Furthermore, we cannot assure you that the approvals, licenses, registrations, consents and permits issued to us will not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action, and we may be subject to penalty and other statutory and regulatory actions, which may and may have a material adverse effect on our business and operations, financial condition, cash flows and results of operations. Any suspension or revocation of any of the approvals, licenses, registrations and permits that has been or may be issued to us may adversely affect our business and results of operations.

31. ***Our inability to meet the quality norms prescribed by the Government may be detrimental to our business.***

The Fertiliser (Control) Order, 1985, *inter alia*, regulates the quality of fertilizer products manufactured in India and such fertilizer products are subject to independent verification by Government agencies. Government agencies carry out surprise sample checking of fertilizers for their contents/nutrients. These samples are randomly selected at a manufacturer's warehouse, dealer's warehouse or retail outlets. In case, the content/nutrients in the sample does not comply with the quality norms prescribed by the Government, it could lead to issuance of show cause notices. For details of proceedings against our Company, please refer "*Legal Proceedings*" beginning on page 213. Any failure in relation to quality control could lead to the cancellation of registration granted to our Company for selling fertilizer products in one or more states.

32. ***Our inability to accurately forecast demand or price for our products and manage our inventory/working capital requirements may have an adverse effect on our business, results of operations and financial condition.***

Our business depends on our estimate of the demand for our products from customers. If we underestimate demand or have inadequate capacity due to which we are unable to meet the demand for our products, we may manufacture fewer quantities of products than required, which could result in the loss of business. While we forecast the demand and price for our products and accordingly plan our production volumes, any error in our forecast could result in a reduction in our profit margins and surplus stock, which may result in additional storage cost and such surplus stock may not be sold in a timely manner, or at all. In case we overestimate demand, we may incur costs to build capacity or purchase more raw materials and manufacture more products than required. In addition, our products have a shelf life of a specified period and if not sold prior to expiry, may lead to losses or if consumed after expiry, may lead to health hazards. Our inability to accurately forecast demand for our products and manage our inventory may have an adverse effect on our business, results of operations and financial condition.

33. ***Majority of our sales are concentrated in India, any decrease in which will adversely affect our business, revenue, results of operations and cash flows.***

Our majority sales are in India. Approximately ₹ 5,37,703 lakh, ₹ 4,37,412 lakh and ₹ 6,42,118 lakh of our total sales in Fiscal 2021, Fiscal 2020 and 2019, respectively, were on account of our sales in India. Existing and potential competitors may increase their focus on India, which could reduce our market share. For example, our competitors may intensify their efforts to capture a larger market share in India by incurring higher promotional expenses and launching aggressive promotional campaigns. As a result, if we are unable to compete effectively against them, it could adversely affect our sales volumes in India, as well as erode our market share. In the event that we experience adverse effects on our sales volumes or loss of market share, due to increased competition or otherwise, it could adversely affect our business, revenue, results of operations and cash flows because of how concentrated our market is, in terms of geography.

34. ***If we are not able to compete successfully against existing and new competitors, we may lose customers and market share as well as reduce our margins.***

The product segments in which we operate are mature and highly competitive in India, as a limited number of large manufacturers compete for consumer acceptance, Competition is based upon brand perceptions, product performance and innovation, customer service and price.

Our ability to compete effectively may be affected by factors such as:

- our competitors may have substantially greater financial, marketing, research and development and other resources and greater market share in certain segments than we do, which could provide them with greater scale and negotiating leverage with distributors, and suppliers;

- our competitors may have lower manufacturing, sales and distribution costs, and higher profit margins, which may enable them to offer aggressive retail discounts and other promotional incentives.

Any failure by us to compete effectively, including in terms of pricing or providing quality products, could have a material adverse effect on our business, results of operations and financial condition. Our ability to compete successfully will depend, in significant part, on our ability to reduce costs by such means as leveraging global purchasing, improving productivity, elimination of redundancies and increasing manufacturing at low-cost supply sources. If we are unable to compete successfully, our market share may decline, which may have a material adverse effect on our results of operations and financial condition.

35. ***If we are unable to establish and maintain an effective system of internal controls and compliances our business and reputation could be adversely affected.***

We manage regulatory compliance by monitoring and evaluating our internal controls and ensuring that we are in compliance with all relevant statutory and regulatory requirements. However, there can be no assurance that deficiencies in our internal controls and compliances will not arise, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls, in a timely manner or at all. Certain of our employees have committed, fraud in relation to certain insurance policies of our Company. Further, BSE Limited has also imposed penalties on our Company for alleged failure in ensuring adequate steps for redressal of investor grievances which has been paid by our Company under protest.

As we continue to grow, there can be no assurance that there will be no other instances of such inadvertent non-compliances with statutory requirements, which may subject us to regulatory action, including monetary penalties, which may adversely affect our business and reputation.

36. ***We face competition from both domestic as well as multinational corporations and our inability to compete effectively may have a material adverse impact on our business and results of operations.***

Competition in our business is based on pricing, relationships with customers, product quality, customisation and innovation. We face price pressures from foreign companies that are able to produce chemicals at competitive costs and consequently, supply their products at cheaper prices. We are unable to assure you that we shall be able to meet the pricing pressures imposed by such multinational competitors which would adversely affect our profitability.

Additionally, some of our competitors in the fine and specialty chemicals segment may have greater financial, research and technological resources, larger sales and marketing teams and more established reputation. They may also be in a better position to identify market trends, adapt to changes in industry, innovate new products, offer competitive prices due to economies of scale and also ensure product quality and compliance.

37. ***We rely on contractors for the recruitment of contract labourers for non-core tasks and are therefore exposed to execution risks and liability towards labourers under applicable Indian laws.***

We enter into arrangements with contractors for recruitment of contract labourers only for non-core tasks such as security services and house-keeping as per our requirements for a fixed period of time. There is no assurance that we may be able to renew these arrangements on a timely basis or at all. We do not have direct control over the timing or quality of the services and supplies provided by such third parties. Contractors hired by us may be unable to provide the requisite manpower on a timely basis or at all or may be subjected to disputes with their personnel, which, in turn, may affect production at our facilities and timely delivery of our products to our customers. Although we do not engage contract labourers directly, we may be held responsible under applicable Indian laws for wage payments to such labourers should our contractors' default on wage payments.

38. ***Our success depends on our senior management and skilled manpower and an inability to attract and retain key personnel may have an adverse effect on our business prospects.***

Our experienced senior management and executive director have made significant contribution to the growth of our business, and our future success is dependent on the continued service of our senior management team. An inability to retain any senior management personnel may have an adverse effect on our operations. Our ability to successfully grow depends on our ability to attract, train, motivate and retain highly skilled professionals. We cannot assure you that we will be able to retain these individuals or find adequate replacements in a timely manner, or at all. We may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. For further information, see "*Board of Directors and Senior Management*" beginning on page 156.

39. ***We may not be able to utilise the proceeds from this Issue in the manner set out in this Placement Document in***

a timely manner or at all.

Our funding requirements and the deployment of the proceeds from this Issue are based on our current business plan and strategy. For details in relation to the objects of the Issue, see *"Use of Proceeds"* on page 68. Further, the objects of the Issue have not been appraised by any bank or financial institution and we have not entered into definitive agreements in relation to our objects of the Issue. Our management will have discretion to decide how the proceeds of the issue will be utilised. We may have to revise this from time to time as a result of variations including in the cost structure, changes in estimates and other external factors, which may not be within the control of our management. This may entail rescheduling, revising, or cancelling the planned expenditure and fund requirement and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our board. Accordingly, we may not be able to utilise the proceeds from this Issue in the manner set out in this Placement Document in a timely manner or at all. As a consequence of any increased expenditure, the actual deployment of funds may be higher than estimated.

40. ***Our ability to pay dividends in the future will depend on a number of factors, including but not limited to our earnings, capital requirements, contractual obligations, applicable legal restrictions and overall financial position.***

Our ability to pay dividends in the future will depend on number of factors, including but not limited to our earnings, capital requirements, contractual obligations, applicable legal restrictions and overall financial position. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under loan or financing arrangements that we are currently availing or may enter into to finance out fund requirements for our business activities.

Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and subsequent approval of shareholders and will depend on factors that our Board and shareholders deem relevant. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future. We cannot assure you that we will be able to pay dividends at any point and in the future.

41. ***Our insurance coverage may not adequately protect us against certain operating hazards and this may have a material adverse effect on our business.***

We have obtained specialised insurance for manufacturing risks, statutory liabilities and third-party liabilities. We generally maintain insurance covering our assets and operations at levels that we believe to be appropriate for our business at reinstatement values. In addition, we maintain a standalone terrorism policy which covers all physical loss or damage caused to real and personal property of every kind due to an act of terrorism. We also maintain a liability insurance policy as mandated under the Public Liability Insurance Act, 1991 in order to indemnify us against statutory liability arising out of accidents occurring due to the handling of hazardous substances. While we believe that the amount of our insurance coverage is adequate based on management assessment, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. To the extent that we suffer loss or damage that is not covered by insurance or exceeds our insurance coverage, our results of operations and financial condition may be adversely affected.

42. ***Some of our loan agreements contain restrictive covenants. Inability to effectively service our borrowings, comply with or obtain waivers of applicable loan covenants, as the case may be, may adversely affect our business, results of operations, cash flows and financial conditions.***

We are subject to usual and customary restrictive covenants in agreements that we have executed with banks & financial institutions for short term loans and long-term borrowings. The restrictive covenants may require us to intimate or seek prior consent from the lenders for various activities, including amongst others to, effect any change in the capital structure, alter the constitutional documents, change the shareholding pattern of the Company or pre-pay outstanding loans.

We cannot assure you that we will be able to comply with all such restrictive covenants in the future. A failure to observe the covenants under the debt financing agreements or in the event of breach of the terms of the debt financing agreements including repayment obligations ("**Defaults**"), may lead to the termination of our credit facilities, levy of default/ penal interest, acceleration of all amounts due under the respective debt financing agreements and/ or the enforcement of any security provided in relation thereto. For instance, Smartchem Technologies Limited is in breach of the current ratio requirement as specified in certain lending documents.

Further, there has been a delay in security perfection by Smartchem Technologies Limited as compared to the timeline stipulated in certain lending documents. Further, there has been a delay in security perfection by Performance Chemiserve Limited as compared to the timeline stipulated in certain lending documents.

Any Defaults or acceleration of amounts due under such debt financing agreements may also trigger cross-default or cross-acceleration provisions under our other debt financing agreements. Inability to effectively service our borrowings, comply with or obtain waivers in respect of applicable covenants or breach of the terms of the debt financing agreement, as the case may be, may adversely affect our business, results of operations, cash flows and financial conditions.

If the obligations under any of our debt financing agreements are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such debt financing agreements, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. Further, during any period in which we are in default, we may be unable to raise further financing. In addition, in such eventuality, other third parties may have concerns over our financial position. Any of these circumstances could adversely affect our business, credit ratings, prospects, results of operations, cash flows and financial condition. Moreover, any such action initiated by our lenders could result in the price of the Equity Shares being adversely affected.

43. ***We have obtained, or may obtain in future, certain loans, which may be recalled at any time. Any recall of the loans obtained by our Company may have an adverse effect on our business, prospects, financial condition, cash flows and results of operations.***

Our Company has, in the ordinary course of business and for operational needs, borrowed from time to time. The total borrowings as on March, 31 2021, was ₹2,51,344 lakhs, of which ₹40,320 lakhs was unsecured borrowings. The unsecured borrowings may be recalled by their respective lenders at any time by giving prior written notice. In case such borrowings are recalled by the lenders, we may be required to repay in entirety such borrowings together with accrued interest and other outstanding amounts. We may not be able to generate sufficient funds at short notice to be able to repay such borrowings and may need to resort to refinance such borrowing at a higher rate of interest and on terms not favourable to us. Any failure to repay unsecured borrowings in a timely manner or refinancing of the same at a higher interest rate may adversely affect our business, cash flows and financial condition.

44. ***Any downgrade in our credit ratings could increase our borrowing costs, affect our ability to obtain financing, and adversely affect our business, results of operations, cash flows and financial condition.***

The cost and availability of capital depends in part on our credit ratings. Credit ratings reflect the opinions of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. Any downgrade in our credit ratings could increase borrowing costs and adversely affect our access to capital and debt markets, which could in turn adversely affect our interest margins, our business, results of operations, financial condition and cash flows. In addition, certain of our financing arrangements provide that if any downgrade in our credit ratings below certain thresholds at any time during the currency of borrowings availed by us, the lenders have a right call upon our Company to mandatorily prepay the loan. Further, any downgrade in our credit ratings may increase the effective yield and consequently the redemption amount may be reset and stepped up under certain of our financing arrangements. It could also increase the probability that our lenders impose additional terms and conditions to any financing or refinancing arrangements we enter into in the future and adversely affect our business, results of operations, cash flows and financial condition.

45. ***Our business relies on the performance of our information technology systems and any interruption in the future may have an adverse impact on our business operations and profitability.***

Our Company has Enterprise Resource Planning software which integrates and collates data of, inter alia, purchase, sales, reporting, accounting and inventory, project system and human resource management from all the manufacturing facilities. Our Company utilises its information technology systems to monitor all aspects of its businesses and relies to a significant extent on such systems for the efficient operation of its business,

Our Company's information technology systems may not always operate without interruption and may encounter temporary abnormality or become obsolete, which may affect its ability to maintain connectivity with our stores and distribution centres. We cannot assure that we will be successful in developing, installing, running and migrating to new and updated software systems or systems as required for its overall operations. Even if we are successful in this regard, significant capital expenditures may be required, and it may not be able to benefit from the investment immediately. All of these may have a material adverse impact on our operations and profitability.

In addition, we cannot guarantee that the level of information security the software presently maintains is adequate or it can withstand intrusions from or prevent improper usage by third parties. Our failure to continue its operations without interruption due to any of these reasons may adversely affect our business, cash flows, financial condition and results of operations.

46. ***Certain of our Directors hold Equity Shares in our Company and are therefore interested in our Company's performance in addition to their remuneration and reimbursement of expenses.***

Certain of our Directors (including our individual Promoter) are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding or the shareholding of their relatives in our Company. There can be no assurance that our Directors will exercise their rights as Shareholders to the benefit and interest of our Company. For further details, see "*Related Party Transactions*" and "*Board of Directors and Senior Management*" beginning on pages 74 and 156, respectively.

47. ***Our Promoters and Promoter Group will continue to retain significant control in our Company after the Issue, which will allow them to influence the outcome of matters submitted to shareholders for approval.***

Our Promoters and Promoter Group, as of September 30, 2021 hold 53.06% of our paid-up equity share capital, on an undiluted basis. As a result, our Promoter Group will continue to have the ability to exercise significant influence over the matters requiring shareholders' approval, including the election of Directors and approval of significant corporate transactions. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control and this could have an adverse effect on our operations and business conditions.

48. ***Any increase in or realisation of our contingent liabilities could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.***

The Contingent liabilities and claims against us, to the extent not provided for, as at March 31, 2021, 2020 and 2019, as determined in accordance with Ind AS 37, are described below.

(₹ in Lakhs)

Sr. No.	**Contingent liabilities**	**As at March 31**		
		2021	**2020**	**2019**
1.	Claims by suppliers not acknowledged as debts	14,519	37,645	16,606
2.	Income Tax Demands#	7,295	7,244	7,514
3.	Excise/Service Tax/Custom Demands##	5,320	4,798	5,694
4.	Sales Tax/ VAT Demands	11,979	6,589	6,608
5.	Local Body Tax	2,176	2,176	1,193
6.	Penalty on Entry Tax	1,551	1,551	1,551
7.	**Total**	**42,840**	**60,003**	**39,166**

 # A Search and Seizure Operation was conducted by the Income Tax Department during the period from November 15, 2018 to November 21, 2018 under Section 132 and 133A of the Income Tax Act, 1961. During the current year, the Holding Company and Subsidiary Company received notices under Section 153A of the Income Tax Act, 1961 and have filed revised Income tax returns for Assessment Years 2013-2014 to 2018-2019 in response to the notices. The Company and Subsidiary Company have also not till date received any demand notices in relation to the Search and Seizure. The Group is of the view that the Operation will not have any significant impact on the Group's financial position and performance as at and for the year ended 31 March 2020 and hence no provision has been recognised as at 31 March 2020.
##includes ₹ 1,881 Lakhs (31 March 2020: ₹ 1,881 Lakhs) which pertains to service tax liabilities.

If, for any reason, these contingent liabilities materialize, it may adversely affect our financial condition, cash flows and results of operations.

For details of the contingent liabilities of the Company as per Ind AS 37, see *"Financial Statements"* beginning on page 224. Additional tax liabilities may arise in the future as our Company is party to certain tax litigations pending before various appellate forums and our Company may also be subject to penalty, which may have a material adverse effect on our results of operations, cash flows and financial condition.

49. ***This Placement Document contains certain statistical and industry information which has been derived from an industry report commissioned by us for such purpose. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate.***

We have availed the services of an independent third-party research agency, CARE Advisory Research and Training Limited, to prepare an industry report titled "*Research Report on Chemicals and Fertilizer Industry in India*" dated October, 2021, for purposes of inclusion of such information in this Placement Document. This report is subject to various limitations and based upon certain assumptions that are subjective in nature. We have not independently verified data from this industry report. Although we believe that the data may be considered to be reliable, the accuracy, completeness and underlying assumptions are not guaranteed, and dependability cannot be assured. While we have taken reasonable care in the reproduction of the information, the information has not been prepared or independently verified by us, the BRLM or any of our or their affiliates or advisors and, therefore, we make no representation or warranty, express or implied, as to the accuracy or completeness of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Placement Document.

50. ***Our business is manpower intensive and a high proportion of our total staff comprises of employees on contract. Our business may be adversely affected if we are unable to obtain / retain employees on contract or at commercially attractive costs.***

Our business is manpower intensive and our continued growth depends in part on our ability to attract, hire and retain skilled / unskilled contract staffs. There can be no assurance that required number of contract manpower will be available at commercially attractive costs as and when required. Unavailability of manpower could also result in decreased operational efficiencies and productivity and an increase in recruitment and training costs, thereby adversely affecting our business results of operations. We cannot assure you that we will be able to find or hire personnel with the necessary experience or expertise to operate manufacturing facilities. In the event that we are unable to hire people with the necessary knowledge or the necessary expertise, our business may be severely disrupted and results of operations may be adversely affected.

Additionally, we have seen an increasing trend in manpower costs in India, which has had a direct impact on our employee costs and consequently, on our margins. Further, the minimum wage laws in India may be amended leading to upward revisions in the minimum wages payable in one or more states in which we currently operate or are planning to expand to. We may need to increase compensation and other benefits in order to attract and retain manpower in the future and that may materially affect our costs and profitability. We cannot assure you that as we continue to grow our business in the future, our employee costs coupled with operating expenses will not significantly increase

51. ***We may be unable to enforce our rights under some of our agreements with counterparties on account of insufficient stamping and non-registration or other reasons.***

We enter into agreements with third parties, in relation to lease/ licensee of land or for transportation of goods or gas sale/ supply agreements or for our business purposes. Some of the agreements executed by us may be inadequately stamped or not registered or may not otherwise be enforceable. Inadequately stamped documents may be impounded by the appropriate authority. Such inadequately stamped or not registered documents may not be admissible in evidence in a court of law until the applicable stamp duty, with penalty, has been paid and registered, which could, therefore, impact our ability to enforce our rights under the agreements in a timely manner or at all. We cannot assure you that we would be able to enforce our rights under such agreements. This could impair our business operations and adversely affect our cash flows, results of operation and financial condition.

EXTERNAL RISKS

52. ***There could be political, economic, or other factors that are beyond our control but may have a material adverse impact on our business and results of operations should they materialise.***

The following external risks may have a material adverse impact on our business and results of operations should any of them materialise:

- Political instability, a change in the Government or a change in the economic and deregulation policies could adversely affect economic conditions in India in general and our business in particular;

- A slowdown in economic growth in India could adversely affect our business and results of operations. The growth of our business and our performance is linked to the performance of the overall Indian economy. We are also impacted by consumer spending levels and businesses such as ours would be particularly affected should Indian consumers in our target segment have reduced access to disposable income;

- Civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war involving India or other countries could materially and adversely affect the financial markets which could impact our business. Such incidents could impact economic growth or create a perception that investment in Indian companies involves a higher degree in risk which could reduce the value of our Equity Shares;

- Any downgrading of India's sovereign rating by international credit rating agencies may negatively impact our business and access to capital. In such event, our ability to grow our business and operate profitably would be severely constrained;

- Instances of corruption in India have the potential to discourage investors and derail the growth prospects of the Indian economy. Corruption creates economic and regulatory uncertainty and could have an adverse effect on our business, profitability and results of operations;

- The Indian economy has had sustained periods of high inflation. Should inflation continue to increase sharply, our profitability and results of operations may be adversely impacted. High rates of inflation in India could increase our employee costs, decrease the disposable income available to our customers and decrease our operating margins, which could have an adverse effect on our profitability and results of operations; and

- A significant change in India's economic liberalization and deregulation policies, in particular, those relating to the businesses in which we operate, could disrupt business and economic conditions in India generally.

Further, other factors which may adversely affect the Indian economy are scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions; volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges; changes in India's tax, trade, fiscal or monetary policies, like political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries; occurrence of natural or man-made disasters; infectious disease outbreaks or other serious public health concerns, like the current pandemic of COVID-19; prevailing regional or global economic conditions, including in India's principal export markets; and other significant regulatory or economic developments in or affecting India.

53. ***Recent global economic conditions have been challenging and continue to affect the Indian market, which may adversely affect our business, financial condition, cash flows, results of operations and prospects.***

We are incorporated in, and majority of our operations are located in, India**.** As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy ingeneral. In particular, due to the COVID-19 pandemic, the global economy including the Indian economy may experience an extreme slowdown in economic activity and recessionary conditions may be prevalent globally in the near to medium term. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India and could then adversely affect our business, financial performance and the price of the Equity Shares.

Any other global economic developments or the perception that any of them could occur may continue to have an adverse effect on global economic conditions and the stability of global financial markets and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, cash flows, financial condition and results of operations and reduce the price of the Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of the Equity Shares.

54. ***Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.***

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain exceptions), if they comply with the valuation and reporting requirements specified by the RBI. If a transfer of shares is not in compliance with such requirements and fall under any of the exceptions specified by the RBI, then the RBI's prior approval is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular terms, in a timely manner or at all.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT, the Consolidated FDI Policy and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares a land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government of India, as prescribed in the Consolidated FDI Policy and the FEMA Rules. These investment restrictions shall also apply to subscribers of offshore derivative instruments. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all.

55. ***Financial instability in other countries may cause increased volatility in Indian financial markets.***

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States, Europe and certain emerging economies in Asia. Financial turmoil in Asia, Russia and elsewhere in the world in recent years has adversely affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and us. Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby negatively affect the Indian economy. Financial disruptions could materially and adversely affect our business, prospects, financial condition, results of operations and future cash flows. Further, economic developments globally can have a significant impact on our principal markets. Concerns related to a trade war between large economies may lead to increased risk aversion and volatility in global capital markets and consequently have an impact on the Indian economy. Following the United Kingdom's exit from the European Union ("**Brexit**"), there still remains significant uncertainty around the impact of Brexit on the general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets.

In addition, China is one of India's major trading partners and there are rising concerns of a possible slowdown in the Chinese economy as well as a strained relationship with India, which could have an adverse impact on the trade relations between the two countries. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term effect of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. Any significant financial disruption could have a material adverse effect on our business, financial condition and results of operation. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets? and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital. This could have a material adverse effect on our business, financial condition, future cash flows and results of operations and reduce the price of the Equity Shares.

56. ***Significant differences exist between Ind AS and other accounting principles, such as IFRS and U.S. GAAP, which may be material to investors' assessment of our financial condition.***

Ind AS differs from other accounting principles with which prospective investors may be familiar, such as IFRS and U.S.GAAP. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Placement Document, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. U.S. GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the Audited Consolidated Financial Statements, which are included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

57. ***A third party could be prevented from acquiring control of us because of the anti-takeover provisions under Indian law.***

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company. Under the takeover regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of the takeover regulations.

58. ***Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.***

Continued high rates of inflation may increase our expenses related to salaries or wages payable to our employees or any other expenses. There can be no assurance that we will be able to pass on any additional expenses to our payers or that our revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation in India could have an adverse effect on our profitability and, if significant, on our financial condition.

59. ***The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.***

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease with the most recent example being the global outbreak of COVID-19, and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years, and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

60. ***Rights of shareholders under Indian laws may differ from the laws of other jurisdictions.***

Our articles of association and Indian law govern our corporate affairs. Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to acompany in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not beas extensive as shareholders' rights under the laws of other countries or jurisdictions.

61. ***It may not be possible for investors outside India to enforce any judgment obtained outside India against our Company or our management or any of our associates or affiliates in India, except by way of a suit in India.***

Our Company is incorporated as a public limited company under the laws of India and all of our directors and executive officers reside in India. Further, all of our assets, and the assets of our executive officers and directors, are located in India. As a result, it may be difficult to effect service of process outside India upon us and our executive officers and directors or to enforce judgments obtained in courts outside India against us or our executive officers and directors, including judgments predicated upon the civil liability provisions of the securities laws of jurisdictions outside India.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, which includes the United Kingdom, Singapore, United Arab Emirates and Hong Kong. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements of the Indian Code of Civil Procedure, 1908 (the "**Civil Code**"). The Civil Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. However, the party in whose favour such final judgment is rendered may bring a fresh suit in a competent court in India based on a final judgment that has been obtained in a non-reciprocating territory within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis or to the same extent as was awarded in a final judgment rendered by a court in another jurisdiction if the Indian court believed that the amount of damages awarded was excessive or inconsistent with public policy in India. In addition, any person seeking to enforce a foreign judgment in India is required to obtain prior approval of the RBI to repatriate any amount recovered pursuant to the execution of the judgment.

62. ***Any adverse change in India's sovereign credit rating by an international rating agency could adversely affect our business, results of operations and cash flows.***

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. A downgrading of India's credit ratings may occur, for reasons beyond our control such as, upon a change of government tax or fiscal policy. This could have an adverse effect on our ability to fund our growth on favorable terms or at all, and consequently adversely affect our business and financial performance and the price of the Equity Shares.

63. ***Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, results of operations, future cash flows and prospects.***

Our business and financial performance could be adversely affected by unfavourable changes in, or interpretations of existing laws, or the promulgation of new laws, rules and regulations applicable to us and our business. The regulatory and policy environment in which we operate is evolving and subject to change. There can be no assurance that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government and other regulatory bodies, or impose onerous requirements, conditions, costs and expenditures on our operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on our business, financial condition, results of operations and future cash flows. In addition, we may have to incur capital expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations and cash flows. Any changes to such laws may adversely affect our business, financial condition, results of operations, future cash flows and prospects.

Further, the Government of India has notified four labour codes which are yet to come into force as on the date of this Placement Document, namely, (i) The Code on Wages, 2019, (ii) The Industrial Relations Code, 2020, (iii) The Code on Social Security, 2020 and (iv) The Occupational Safety, Health and Working Conditions Code, 2020. Such codes will replace the existing legal framework governing rights of workers and labour relations. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations, future cash flows and prospects.

We have not determined the impact of these recent and proposed laws and regulations on our business. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. Further, if we are affected, directly or indirectly, by the application or interpretation of any provision of such laws and regulations or any related proceedings or are required to bear any costs in order to comply with such provisions or to defend such proceedings, our business and financial performance may be adversely affected.

64. ***Natural calamities or man-made disasters could have a negative effect on the Indian economy and cause our***

business to suffer.

India has experienced natural calamities such as earthquakes, tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their effect on the Indian economy. Further, prolonged spells of below normal rainfall or other natural calamities in the future could have a negative effect on the Indian economy, adversely affecting our business and the price of our Equity Shares. This apart, the occurrence of man-made disasters such as acts of terrorism, civil unrests, military actions, and other acts of violence or war in India and around the world could impair our business, financial condition, cash flows and results of operations.

65. ***We may be affected by competition laws, the adverse application or interpretation of which could adversely affect our business.***

The Competition Act, 2002, of India, as amended ("**Competition Act**"), regulates practices having an appreciable adverse effect on competition in the relevant market in India ("**AAEC**"). Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an AAEC is considered void and may result in the imposition of substantial penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or the provision of services or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or number of consumers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an AAEC and is considered void. The Competition Act also prohibits abuse of a dominant position by any enterprise.

On March 4, 2011, the Government notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to and pre-approved by the Competition Commission of India (the "**CCI**"). Additionally, on May 11, 2011, the CCI issued Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an AAEC in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an AAEC in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. However, since we pursue an acquisition driven growth strategy, we may be affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations, cash flows and prospects.

66. ***Financial difficulty and other problems in certain financial institutions in India could have a material adverse effect on our business, results of operations, future cash flows and financial condition.***

We are exposed to the risks of the Indian financial system which may be affected by the financial difficulties faced by certain Indian financial institutions whose commercial soundness may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is sometimes referred to as "systemic risk", may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with which we interact on a daily basis. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and adversely affect our business.

Risks relating to the Equity Shares

67. ***We cannot guarantee that the Equity Shares issued under this Issue will be listed on the Stock Exchanges in a timely manner, if at all***

In accordance with Indian law and practice, after our Board or committee passes the resolution to allot the Equity Shares but prior to crediting such Equity Shares into the Depository Participant accounts of the investors, we are required to apply to the Stock Exchanges for final approval for listing and trading of the Equity Shares. There could be a failure or delay in obtaining these approvals from the Stock Exchanges, which in turn could delay the listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining these approvals would restrict your ability to dispose of your Equity Shares. Further, historical trading prices, may not be indicative of the prices at which the Equity Shares will trade in the future.

68. ***Any future issuance of the Equity Shares or sales of the Equity Shares by any of our significant shareholders may adversely affect the trading price of the Equity Shares.***

A future issuance of Equity Shares by us, including employee stock option plans, may dilute your shareholding in our Company. Moreover, any significant disposal of Equity Shares by any of our significant shareholders, or the perception that such sales will occur, may affect the trading price of our Equity Shares. As a publicly traded company, there is no restriction on our shareholders to dispose of a part or the entirety of their shareholding in our Company, which could lead to a negative sentiment in the market regarding us that could in turn impact the value of the Equity Shares and could impact our ability to raise capital through an offering of our securities. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge, or otherwise encumber their Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares. Further, we cannot assure you that the Company will not issue Equity Shares at a price lower than the Issue Price at a later date.

69. ***Our ability to raise foreign capital may be constrained by Indian law. The limitations on foreign debt may have an adverse impact on our business growth, financial condition, cash flows and results of operations.***

As an Indian company, we are subject to exchange control laws that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financings on competitive terms and refinance future indebtedness. In addition, it cannot be assured to the prospective investor that the required approvals will be granted to us without onerous conditions, or at all. The limitations on foreign debt may have an adverse impact on our business growth, financial condition, cash flows and results of operations.

70. ***Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.***

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution. However, if the laws of the jurisdiction the investors are located in do not permit them to exercise their pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value the custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in us would be reduced.

71. ***Bidders to the Issue are not allowed to withdraw or revise their Bids downwards after the Bid/Issue Closing Date.***

In terms of the SEBI ICDR Regulations, Bidders in the Issue are not allowed to withdraw or revise their Bids downwardsafter the Bid/Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the Bidder's demat account with the depository participant could take approximately seven days and up to 10 days from the Bid/Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political, or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the Bidder's decision to invest in the Equity Shares, would not arise between the Bid/ Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Bid/Issue Closing Date could also impact the market price of the Equity Shares. The Bidders shall not have the right to withdraw or revise their Bids downwards in the event of any such occurrence. The Company may complete the Allotment of the Equity Shares even if such events may limit the Bidders' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

72. ***Your ability to acquire and sell Equity Shares is restricted by the distribution and transfer restrictions set forth in the Preliminary Placement Document and this Placement Document.***

No actions have been taken to permit a public offering of the Equity Shares in any jurisdiction, including India. As such, the Equity Shares have not and will not be registered under the U.S. Securities Act, any state securities laws or the law of any jurisdiction other than India. Furthermore, the Equity Shares are subject to restrictions on transferability and resale. You are required to inform yourself about and observe these restrictions, which are set forth in the Preliminary Placement Document and this Placement Document under the heading "*Selling Restrictions*" on page 188. We, our representatives and our agents will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares made other than in compliance with the restrictions set forth herein.

73. ***The Issue Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Issue.***

The Issue Price of the Equity Shares will be determined by our Company in consultation with the Lead Manager and the Designated Stock Exchange. This price may not be indicative of the market price for the Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue and may decline below the Issue Price. We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

74. ***Investors will not have the option of getting the Allotment of Equity Shares in physical form.***

In accordance with SEBI ICDR Regulations, the Equity Shares shall be issued only in dematerialized form. Investors willnot have the option of getting the allotment of Equity Shares in physical form. The Equity Shares Allotted to the Applicants who do not have demat accounts or who have not specified their demat details, will be kept in abeyance till receipt of the details of the demat account of such Applicants. This further means that they will have no voting rights in respect of the Equity Shares. Further, the Equity Shares will not be transferred by our Company in case the Eligible Shareholder does not have a demat account.

75. ***Investors will be subject to market risks until our Equity Shares credited to the investor's demat account are listed and permitted to trade.***

Investors can start trading our Equity Shares Allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since our Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for our Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that our Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in such Equity Shares will commence in a timely manner.

76. ***An investor will not be able to sell any of the Equity Shares other than on a recognized Indian stock exchange for a period of one year from the date of this Issue.***

Pursuant to the SEBI ICDR Regulations, for a period of one year from the date of the issue of the Equity Shares in this Issue, Eligible QIBs subscribing to the Equity Shares may only sell their Equity Shares on the floor of the NSE or the BSE and may not enter into any off-market trading in respect of these Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of the Equity Shares. Further, Allotments made to certain categories of Eligible QIBs in the Issue are subject to the rules and regulations that are applicable to them. This may affect the liquidityof the Equity Shares purchased by such investors and it is uncertain whether these restrictions will adversely impact the market price of the Equity Shares purchased by investors.

77. ***The price of the Equity Shares may be volatile.***

The trading price of the Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors,the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of the Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of the Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of the Equity Shares.

78. ***We have in the past and may, at any time in the future, make further issuances or sales of the Equity Shares or convertible securities or other equity linked securities, and this could significantly affect the trading price of the Equity Shares.***

The further issuance of Equity Shares by us, including by way of preferential allotment or rights issue which may be done at any time in the future, the grant of employee stock options, the disposal of Equity Shares by any of our major Shareholders, or the perception that such issuance or sales of Equity Shares may occur, may significantly affect the trading price of the Equity Shares. There can be no assurance that such future issuance by us will be at a price equal to or more than the Equity Issue Price, as applicable.

79. ***There may not be an active or liquid market for our Equity Shares, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.***

The price at which the Equity Shares will trade after this Issue will be determined by the marketplace and may be influenced by many factors, including:

- our financial results and the financial results of the companies in the businesses we operate in;
- the history and prospects for our business and the sectors in which we compete;
- the valuation of publicly traded companies that are engaged in business activities similar to us; and
- significant developments in India's economic liberalization and deregulation policies.

The Indian securities markets are comparatively smaller and more volatile than the securities markets in more developed economies. In addition, the Indian equity share markets have from time-to-time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. The governing bodies of the Indian stock exchanges have from time-to-time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. The trading price of our equity shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our equity shares. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects.

80. ***Certain information about our Company available in the public domain may not be independently verified and accurate.***

Certain information about our Company including projections on our financial growth and performance, is available in published annual reports of the Group. All of such information has not been verified independently and may not be accurate. Investors should rely on the information contained in the Preliminary Placement Document and this Placement Document for making any investment decisions. Our Statutory Auditors have provided no assurance on any prospective financial information, or projections and have performed no services with respect to it.

81. ***Any future issuance of the Equity Shares may further dilute your shareholding and sales of the Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.***

Any future equity issuances by us, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of the Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences for us including difficulty in raising capital through offering of the Equity Shares or incurring additional debt. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of the Equity Shares.

82. ***Our Company's ability to pay dividends in the future will depend on a number of factors, including but not limited to our Company's earnings, capital requirements, contractual obligations, applicable legal restrictions and overall financial position.***

Our Company's ability to pay dividends in the future will depend on number of factors, including but not limited to our Company's earnings, capital requirements, contractual obligations, applicable legal restrictions and overall financial position. In addition, our Company's ability to pay dividends may be impacted by a number of factors, including restrictive covenants under loan or financing arrangements that our Company is currently availing itself of or may enter into to finance out fund requirements for our business activities.

Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and subsequent approval of shareholders and will depend on factors that our Board and shareholders deem relevant. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. The amounts paid as dividends in the past are not necessarily indicative of our Company's dividend policy or dividend amounts, if any, in the future. We cannot assure you that we will be able to pay dividends at any point and in the future. For details of dividends that we paid in the past, see *"Dividends"* on page 75.

MARKET PRICE INFORMATION

As at the date of this Placement Document, 10,81,53,919 Equity Shares have been issued and are fully paid up and outstanding. All Equity Shares have been listed and traded on the BSE and the NSE.

On October 18, 2021, the closing price of the Equity Shares on the BSE and the NSE was ₹ 440.25 and ₹ 440.70 per Equity Share, respectively. Since the Equity Shares are actively traded on the Stock Exchanges, the market price and other information for each of the BSE and the NSE has been given separately.

A. The following tables set out the reported high and low market prices and average of the closing prices of our Equity Shares on the NSE and the BSE and number of Equity Shares traded on the dates on which such high and low prices were recorded and the total trading turnover for the Fiscals 2021, 2020 and 2019.

NSE									
Fiscal	**High (₹)**	**Date of High**	**No. of Equity Shares traded on date of high**	**Total Turnover of Equity Shares traded on date of high (₹ in million)**	**Low (₹)**	**Date of Low**	**No. of Equity Shares traded on date of low**	**Total Turnover of Equity Shares traded on date of low (₹ in million)**	**Average price for the year (₹)**
2021	249.45	18-Mar-21	17,83,253	421.37	71.25	03-Apr-20	5,47,871	40.61	146.02
2020	169.00	18-Apr-19	22,33,548	365.55	57.15	19-Mar-20	6,84,001	45.92	104.14
2019	397.00	20-Apr-18	2,88,838	113.43	104.25	24-Jan-19	18,19,269	195.87	222.36

Source: www.nseindia.com

1. High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.

2. Average represents the average of the closing prices of all trading days of each year presented.

3. In case of two days with the same high or low price, the date with the higher volume has been chosen.

BSE									
Fiscal	**High (₹)**	**Date of High**	**No. of Equity Shares traded on date of high**	**Total Turnover of Equity Shares traded on date of high (₹ in million)**	**Low (₹)**	**Date of Low**	**No. of Equity Shares traded on date of low**	**Total Turnover of Equity Shares traded on date of low (₹ in million)**	**Average price for the year (₹)**
2021	249.40	18-Mar-21	3,08,348	72.11	71.30	03-Apr-20	46,682	3.47	145.99
2020	169.00	18-Apr-19	2,48,577	40.62	57.00	19-Mar-20	1,15,773	7.77	104.13
2019	396.95	20-Apr-18	47,696	18.73	104.80	24-Jan-19	1,95,860	21.14	222.47

Source: www.bseindia.com

1. High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.

2. Average represents the average of the closing prices of all trading days of each year presented.

3. In case of two days with the same high or low price, the date with the higher volume has been chosen.

B. The following tables set out the reported high and low closing prices of our Equity Shares recorded on the NSE and the BSE and the number of Equity Shares traded on the days on which such high and low prices were recorded and the volume of Equity Shares traded in each of the last six months.

NSE											
Month	**High (₹)**	**Date of High**	**No. of Equity Shares traded on date of high**	**Total Turnover of Equity Shares traded on date of high (₹ in million)**	**Low (₹)**	**Date of Low**	**No. of Equity Shares traded on date of low**	**Total Turnover of Equity Shares traded on date of low (₹ in million)**	**Average price for the month (₹)**	**Equity Shares traded in the month**	
										Volume	**Turnover (₹ in million)**
September 2021	434.95	7-Sep-21	2,81,064	118.08	393.00	21-Sep-21	2,09,657	84.15	414.92	40,17,242	1,422.67
August 2021	492.65	04-Aug-21	7,13,417	348.07	380.05	24-Aug-21	1,15,092	46.18	435.32	54,71,779	2,449.34
July 2021	453.80	09-Jul-21	1,72,475	76.60	390.05	02-Jul-21	1,30,022	48,304.95	419.75	37,58,203	1,594.76
June 2021	474.50	15-Jun-21	25,38,480	1,163.46	284.00	01-Jun-21	6,03,989	175.10	379.89	2,82,75,239	11,012.05
May 2021	314.00	28-May-21	23,77,384	723.97	255.00	03-May-21	3,26,091	86.12	284.74	1,42,08,096	4,138.18
April 2021	276.45	09-Apr-21	15,89,382	420.56	223.30	22-Apr-21	4,09,195	93.92	243.74	1,47,46,987	3,711.12

(Source: www.nseindia.com)
1. High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.
2. Average represents the average of the closing prices of all trading days of each month presented.
3. In case of two days with the same high or low price, the date with the higher volume has been chosen.

BSE											
Month	**High (₹)**	**Date of High**	**No. of Equity Shares traded on date of high**	**Total Turnover of Equity Shares traded on date of high (₹ in million)**	**Low (₹)**	**Date of Low**	**No. of Equity Shares traded on date of low**	**Total Turnover of Equity Shares traded on date of low (₹ in million)**	**Average price for the month (₹)**	**Equity Shares traded in the month**	
										Volume	**Turnover (₹ in million)**
September 2021	438.90	03-Sep-21	21,665	9.13	396.00	21-Sep-21	38,281	15.39	414.67	5,57,342	231.43
August 2021	492.60	04-Aug-21	77,839	37.90	383.25	24-Aug-21	17,807	7.18	434.80	7,93,979	353.78
July 2021	452.45	09-Jul-21	55,615	24.60	390.00	01-Jul-21	35,494	14.11	419.70	8,42,832	358.88
June 2021	474.65	15-Jun-21	2,43,942	111.74	284.00	01-Jun-21	1,24,506	36.15	379.57	31,23,215	1,213.22
May 2021	315.95	31-May-21	1,25,402	37.75	254.25	03-May-21	32,268	8.51	284.71	16,34,829	472.14
April 2021	276.40	09-Apr-21	2,43,927	64.66	221.50	06-Apr-21	54,530	12.37	243.62	18,59,216	463.46

(Source: www.bseindia.com)
1. High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.
2. Average represents the average of the closing prices of all trading days of each month presented.
3. In case of two days with the same high or low price, the date with the higher volume has been chosen.

C. The following table sets forth the market price of our Equity Shares on NSE and BSE on May 31, 2021, the first working day following the approval of the Board of Directors for the Issue.

NSE						BSE					
Open (₹)	**High (₹)**	**Low (₹)**	**Close (₹)**	**Number of Equity Shares traded**	**Turnover (₹ in million)**	**Open (₹)**	**High (₹)**	**Low (₹)**	**Close (₹)**	**Number of Equity Shares traded**	**Turnover (₹ in million)**
312.00	312.00	293.85	295.65	15,42,371	463.59		312.00	312.00	293.85	295.65	15,42,371

(Source: www.nseindia.com and www.bseindia.com)

USE OF PROCEEDS

The gross proceeds of the Issue aggregates to ₹ 5,10,00,01,890. Subject to compliance with applicable laws, the net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue of approximately ₹ 11,02,36,600 will approximately be ₹ 4,98,97,65,290 ("**Net Proceeds**").

Purpose of this Issue

Our Company proposes to utilize the Net Proceeds for (a) ongoing and future capital expenditure (including maintaining capex); (b) investments in subsidiaries, joint ventures and affiliates; (c) repayment/prepayment (in full or part), of debt; (d) meeting working capital requirement of the Company (on a consolidated basis); (e) permissible general corporate purposes; and (f) for funding the long term growth of its existing businesses as well as organic and inorganic growth

The Net Proceeds are proposed to be deployed towards the purpose set out above and are not proposed to be utilized towards any specific project. Accordingly, the requirement to disclose (i) the break-up of cost of the project, (ii) means of financing such project, and (iii) proposed deployment status of the proceeds at each stage of the project, is not applicable.

If the Net Proceeds are not completely utilised for the purposes stated hereinabove due to factors such as (i) economic and business conditions; (ii) increased competition; (iii) delay in procuring and operationalizing assets; (iv) receiving the necessary approvals; and (v) other commercial considerations, the same would be utilised (in part or full) as may be decided by our Board, in accordance with applicable law.

As permissible under applicable laws, our management will have flexibility in deploying the Net Proceeds received by our Company from the Issue. Our Company may have to revise our funding requirements and deployment from time to time on account of various factors, such as financial and market conditions, competition, business and strategy and interest/ exchange rate fluctuations and other external factors, which may not be within the control of our Company. This may entail revising the schedule of the proposed utilization of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our Board. Further, if the actual utilization of Net Proceeds towards any of the aforesaid purposes is lower than the proposed deployment, then such balance will be utilised towards general corporate purposes. See "*Risk Factors – The objects of the Issue for which funds are being raised, are not based on data from third party sources. They are our management estimates and have not been appraised by any bank or financial institution. The use of proceeds is entirely at our discretion, based on the parameters as mentioned in the chapter entitled "Use of Proceeds"* on page 68.

Our main objects clause and objects incidental or ancillary to the main objects clause of our Memorandum of Association enables us to undertake the objects contemplated by us in this Issue.

Our Company shall not utilise monies raised through the Issue until the Allotment is made and the return of Allotment is filed with the RoC, or receipt of final listing and trading approvals from the Stock Exchanges, whichever is later.

Interim use of funds

Pending utilisation of Issue proceeds for the purposes mentioned above, we intend to temporarily invest funds in creditworthy instruments, including money market, mutual funds and deposits with banks. Such investments would be made in accordance with the Investment policy of the Company in accordance with all applicable laws and regulations.

Other confirmations

Neither our Promoters nor our Directors are making any contribution either as part of this Issue or separately in furtherance of the objects of this Issue.

Further, neither our Promoters nor our Directors shall receive any proceeds from the Issue, whether directly or indirectly. Since the Issue is only made to QIBs, our Promoters, Directors or Key Managerial Personnel are not eligible to subscribe in the Issue.

CAPITALISATION STATEMENT

The following table sets forth the capitalisation of our Company, on a consolidated basis, as at March 31, 2021 and as adjusted to give effect to the receipt of the gross proceeds of the Issue.

This table should be read in conjunction with "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 39 and 76, respectively.

(₹ in lakh, except ratios)

Particulars	**As of March 31, 2021 (On a Consolidated Basis)**	
	Pre-Issue	**As adjusted for this Issue***
Indebtedness		
Current Borrowings		
- Secured Borrowings	11,019	11,019
- Unsecured Borrowing	-	-
Non-Current Borrowings		
- Secured Borrowings	1,78,339	1,78,339
- Unsecured Borrowing	40,320	40,320
Current maturities of Non- Current borrowings		
- Secured Borrowings	21,666	21,666
- Unsecured Borrowing	-	-
Total Indebtedness (A)	**2,51,344**	**2,51,344**
Shareholders' Funds		
- Share capital	10,268	12,059
- Reserves and surplus	2,59,991	3,19,879
- Non-Controlling Interest	9,701	9,701
Total Shareholders' Funds (B)	**2,79,960**	**3,41,639**
Total Capitalization (A) + (B)	**5,31,304**	**5,92,983**
Debt Equity Ratio (A/B)	**0.90**	**0.74**

**Without consideration of Issue expenses and for any other transactions or movements in such financial statement line items post March 31, 2021. The figures for the financial statement line items under the "As adjusted for this Issue" column are derived by giving effect to the Issue of 1,24,39,029 Equity shares pursuant to the Issue, at a share premium of ₹ 400 per Equity Share, without consideration for any other transaction or movement in such financial statement line items after March 31, 2021.*

CAPITAL STRUCTURE

The Equity Share capital of our Company as at the date of this Placement Document is set forth below:

(In ₹, except share data)

	Particulars	Aggregate value at face value (except for securities premium account)
A	**AUTHORIZED SHARE CAPITAL**	
	13,50,50,000 Equity Shares of face value of ₹10 each	1,35,05,00,000
B	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE**	
	10,81,53,919 Equity Shares of face value of ₹10 each	1,08,15,39,190
C	**PRESENT ISSUE IN TERMS OF THIS PLACEMENT DOCUMENT**	
	1,24,39,029 Equity Shares of face value of ₹10 each(1)	12,43,90,290
E	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE**	
	12,05,92,948 Equity Shares of face value of ₹10 each	1,20,59,29,480
F	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue	4,04,39,17,511
	After the Issue(2)	9,01,95,29,111

(1) The Issue has been authorized by the Board of Directors on May 28, 2021, and the Shareholders pursuant to their special resolution passed at the annual general meeting held on August 26, 2021.[3]

(2)The securities premium account after the Issue has been calculated on the basis of Gross Proceeds from the Issue.

Equity Share Capital History of our Company

The history of the equity share capital of our Company is provided in the following table:

Date of allotment	Nature of allotment	Number of equity shares allotted	Face value per equity share (in ₹)	Issue price per equity share (in ₹)	Nature of consideration
June 1, 1979*	Initial subscription to the Memorandum of Association	2	10	10.00	Cash
June 2, 1979*	Further issue of equity shares	8	10	10.00	Cash
July 14, 1982*	Further issue of equity shares	1,14,99,990	10	10.00	Cash
October 12, 1987*	Allotment of equity shares pursuant to conversion of loans	33,27,900	10	10.00	Other than Cash
January 1, 1990	Allotment of equity shares pursuant to conversion of debentures	2,18,50,000	10	20.00	Cash

Date of allotment	Nature of allotment	Number of equity shares allotted	Face value per equity share (in ₹)	Issue price per equity share (in ₹)	Nature of consideration
January 1, 1991	Allotment of equity shares pursuant to conversion of debentures	2,18,50,000	10	30.00	Cash
May 31, 1995	Allotment of equity shares pursuant to conversion of warrants	1,51,02,093	10	20.00	Cash
September 3, 1996	Allotment of equity shares pursuant to conversion of warrants	1,50,00,000	10	28.65	Cash
May 29, 1998	Forfeiture of 4,25,050 equity shares				
October 1, 2019	Allotment of equity shares pursuant to conversion of warrants	10,79,482	10	308.79	Other than cash
October 20, 2020	Allotment of equity shares pursuant to rights issue	1,33,92,663	10	133.00	Cash
July 1, 2021	Allotment of equity shares post conversion of first tranche of FCCB's	54,76,831	10	195.00 (conversion price)	Against conversion of FCCBs

**Our Company is unable to trace certain corporate records and filings, including from the RoC records, in relation to the respective corporate action undertaken by the Company. Our Company has relied on the information available in the minutes of the board or shareholders meeting (as applicable) for the respective corporate action and on the certificate issued by Jog Limaye & Associates, Practicing Company Secretary vide its certificate dated October 8, 2021 for disclosing the details of the changes in the issued, subscribed and paid up equity share capital of the Company. Also, see "Risk Factors - Some of our corporate records, statutory filings and records are lost or are not traceable in relation to certain disclosures made in this Placement Document" on page 47.*

Except as stated above with respect to the allotment of Equity Shares upon conversion of FCCB's on July 1, 2021, our Company has not issued any Equity Shares in the last one year preceding the date of filing of this Placement Document.

Our Company does not have any employee stock options plan.

Proposed Allottees in the Issue

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made by our Company, in consultation with the BRLM, to Eligible QIBs only, on a discretionary basis.

The names of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, and the percentage of post-Issue share capital that may be held by them is set forth in "*Proposed Allottees in the Issue*" on page 223.

Pre-Issue and post-Issue shareholding pattern

The pre-Issue and post-Issue shareholding pattern of our Company, is set forth below.

Sr. No.	Category	Pre-Issue (As of September 30, 2021)		Post-Issue*	
		No. of Equity Shares held	**% of shareholding**	**No. of Equity Shares held**	**% of share holding**
A.	**Promoters' holding****				
1.	Indian				
	Individual	9,97,053	0.92	9,97,053	0.83
	Bodies corporate	5,63,86,722	52.14	5,63,86,722	46.76
	Sub-total	**5,73,83,775**	**53.06**	**5,73,83,775**	**47.59**
2.	Foreign promoters	**-**	**-**	**-**	**-**
	Sub-total (A)	**5,73,83,775**	**53.06**	**5,73,83,775**	**47.59**
B.	**Non – Promoters' holding**				
1.	Institutional Investors	70,51,096	6.52	1,94,90,125	16.16
2.	Non-Institutional Investors				
	Private Corporate Bodies	28,64,901	2.65	28,64,901	2.38
	Directors and relatives (other than promoters)	1500	0.00	1500	0.00
	Indian public	3,42,50,510	31.67	3,42,50,510	28.40
	Others (including Non-resident Indians (NRIs))	66,02,137	6.10	66,02,137	5.47
	Sub-total (B)	**5,07,70,144**	**46.94**	**5,07,70,144**	**52.41**
	Grand Total (A+B)	**10,81,53,919**	**100.00**	**12,05,92,948**	**100.00**

* *The table for the post-Issue shareholding pattern of our Company reflects the shareholding of the institutional investors category as of September 30, 2021, adjusted for Allocation made in the Issue, and reflects the shareholding of all other categories of shareholders as of September 30, 2021.*
**Assuming Allotment of Equity Shares to each of the proposed Allotees, referred to in Proposed Allottees in the Issue pursuant to the Issue.*
** *This includes shareholding of the members of the Promoter Group.*

Employee stock option scheme

As on date of this Placement Document, our Company does not have any employee stock option scheme / employee stock purchase scheme for its employees.

Other Confirmations

(i) Except the allotment of Equity Shares to International Finance Corporation on July 1, 2021, our Company has not made any allotments, including for consideration other than cash, in the last one year preceding the date of this Placement Document.

(ii) Our Equity Shares have been listed for a period of at least one year prior to the date of the issuance of the notice for the meeting conducted on August 26, 2021, to the Shareholders for the approval of this Issue.

(iii) There will be no change in control of our Company pursuant to the Issue.

(iv) Our Company has not allotted securities on preferential basis or private placement or by way of rights issue in the last one year preceding the date of this Placement Document.

(v) Our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue. Further, Equity Shares allotted pursuant to this Issue cannot be sold by the Allottee for a period of one year from the date of allotment, except on the Stock Exchanges.

(vi) There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of this Placement Document.

Proposed Allottees in the Issue

The names of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, and the percentage of post-Issue share capital that may be held by them is set forth in "*Proposed Allottees in the Issue*" on page 223.

RELATED PARTY TRANSACTIONS

For details of the related party transactions during (i) Fiscal 2021; (ii) Fiscal 2020; and (iii) Fiscal 2019, as per the requirements under Ind AS 24, please see the section entitled "*Financial Statements*" on page 224.

DIVIDENDS

Our Board adopted the Dividend Distribution Policy pursuant to its resolution dated June 30, 2017. In line with this policy, the declaration and payment of dividends (except interim dividend), if any, will be recommended by our Board of Directors and thereafter the same shall be approved by our shareholders at their discretion. The shareholders have the right to decrease but not to increase the dividend amount recommended by the board of directors.

The declaration and payment of equity dividend would be governed by the applicable provisions of the Companies Act, 2013 and Articles of Association of our Company.

The details of the dividends declared by our Company in respect of the Fiscal Years 2021, 2020 and 2019 are set out below:

Fiscal Year	**Rate of dividend (%)**	**Dividend per Equity Share (in ₹)**	**Total amount of dividend** *(in ₹ lakhs)*	**Dividend Distribution Tax** *(in ₹ lakhs)*
2021*	75%	7.50	8,112	Not applicable
2020	30%	3.00	2,679	Not applicable
2019	30%	3.00	2,646	544

Note: The above dividend amounts do not include any unclaimed dividend which is lying in the escrow account.
**In Fiscal 2021, the total divided proposed to be paid was ₹ 7,701 lakhs. However, a total of ₹ 8,112 lakhs was paid as dividend as the record date was August 17, 2021 and on July 1, 2021, additional 54,76,831 equity shares of were issued by the Company to International Financial Corporation on conversion of first tranche of Foreign Currency Convertible Bonds.*

Further, the amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in the future. The form, frequency and amount of future dividends will depend on our Company's cash flows, financial condition, working capital and other financing requirements, lender approvals, contractual obligations, applicable legal restrictions and other factors and shall be at the discretion of the Board and subject to the approval of our Company's shareholders.

The Equity Shares to be issued in connection with this Issue shall qualify for any dividend, including interim dividend, if any, that is declared in respect of the fiscal in which they have been allotted. For further information, please see the section entitled "*Description of the Equity Shares*" on page 201. For a summary of some of the restrictions that may inhibit our ability to declare or pay dividends, see "*Risk Factors – Our Company's ability to pay dividends in the future will depend on a number of factors, including but not limited to our Company's earnings, capital requirements, contractual obligations, applicable legal restrictions and overall financial position*" on page 52.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless otherwise specifically mentioned, the following discussion should be read together with the information in the section titled "Selected Financial Information" beginning on page 32, and our financial statements as at, and for, the fiscal years ended March 31, 2021, 2020 and 2019, along with the related notes, and schedules thereto, included in the section titled "Financial Statements" beginning on page 224.

Our audited consolidated balance sheets as at March 31, 2021, March 31, 2020 and March 31, 2019 and audited statements of profit and loss, cash flow statement and changes in equity for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 of the Company and its subsidiaries, together with the statement of significant accounting policies, and other explanatory information thereon, have been prepared in accordance with Ind AS, read with the Companies (India Accounting Standards) Rules, 2015. Ind AS differs in certain respects from IFRS and U.S. GAAP and other accounting principles with which prospective investors may be familiar. Accordingly, the degree to which financial statements included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

In this section, unless the context otherwise requires, a reference to "our Company" is a reference to Deepak Fertilisers and Petrochemicals Corporation Limited on a standalone basis, while any reference to "we", "us" or "our" refers to Deepak Fertilisers and Petrochemicals Corporation Limited and its subsidiaries on a consolidated basis.

Our fiscal year ends on March 31 of each year. Accordingly, references to "Fiscal 2021", "Fiscal 2020" and "Fiscal 2019", are to the 12-month period ended March 31 of the relevant year.

Statements in this Placement Document that are not historical facts may be forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions that could cause our actual financial performance to differ materially from the conditions contemplated in such forward-looking statements. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us or any other person, or that these results will be achieved or are likely to be achieved. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors and contingencies that could affect our financial condition, results of operations and cash flows. You are also advised to read the sections titled, "Forward-Looking Statements" and "Risk Factors" beginning on pages 17 and 39, respectively, which discuss a number of factors or contingencies that could affect our business, financial condition and results of operations. You are cautioned not to place undue reliance on these forward-looking statements.

Overview

We are one of India's leading manufacturers of industrial chemicals and fertilizers with over forty years of legacy. Our product portfolio spans across industrial chemicals, bulk and specialty fertilisers, farming diagnostics and solutions, technical ammonium nitrate and value-added real estate and supports critical sectors of the economy such as infrastructure, pharmaceuticals, mining and agriculture. (Source – *CARE Report*). We are the largest manufacturers of TAN and the only manufacturer of TAN solids in India on an aggregate basis accounting for more than 50% of the total TAN capacity in India. In order to further meet the rising demand for TAN and to reduce reliance on import, we propose to set up a TAN manufacturing plant in the Eastern Coast of India. We are the leading player in production of IPA, nitric acid and has leading installed capacity of nitric acid in South West Asia (South West Asia region includes Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka). (Source – *CARE Report*). We are an ammonia downstream products company and hence are backward integrated in ammonia manufacturing which provides us the flexibility to manage demand variations and enables us to mitigate price volatility risks in our key raw material. Further, our manufacturing facilities at Taloja and Panipat caters to nutritional needs of agriculture sector across Maharashtra, Karnataka, Haryana and Gujarat.

We are a preferred chemical partner, offering value added and innovative customer-centric products and solutions. We have introduced several differentiated products and services across our business verticals. Our research and development capabilities coupled with our technology and stringent quality and testing standards allow us to offer a wide range of products which are abreast with the latest technological advancement. Our NACL accredited research and development vertical primarily focus on improvement of process & machine technology, manufacturing efficiency, feedstock efficiency, customization of chemicals and new product development. We also work closely with the customers for development of specialty chemicals. The continued focus on R&D has led to development of new specialty chemicals, where the realizations and margins are significantly higher as compared to the regular chemicals. Our strong focus on

R&D has driven continuous product innovations such as Nitro Phosphate fertilisers, NPK fertilisers (Smartek) and Specialty fertilisers like Sulphur Bentonite with fast releasing technology. We are committed to customize our products and to serve our customers by improving portfolio mix to fulfil the ever-growing increasing industry demand.

We are headquartered in Pune with four manufacturing facilities located in Taloja (Maharashtra), Srikakulam (Andhra Pradesh), Panipat (Haryana) and Dahej (Gujarat). Our fully integrated manufacturing facility at Taloja is equipped to manage products from the stage of design to dispatch, lending us competitive advantages such as cost effectiveness and maintenance of quality standards.

We are engaged in the manufacturing of (i) Industrial Chemicals such as Nitric Acid, IPA, Methanol and Food Grade Liquid Carbon Dioxide; (ii) Mining Chemicals such as Technical Ammonium Nitrate and (iii) Crop Nutrition products such as Nitro Phosphate Fertilisers, NPK Fertilisers (Smartek) and Specialty Fertilisers like Bentonite Sulphur, Water Soluble Fertilisers and Crop Specific Fertilisers . We believe that our diversified and comprehensive product portfolio and large customer base spread across several regions and customer categories, diminishes the risks associated with the dependence on any particular product, customer or geography. We also believe that we have a diversified clientele and are not significantly dependent on a few customers for the success of our business. For Fiscal 2021, our top 10 customers of Industrial Chemical and TAN business contributed to 19% of the total revenue from operations on a consolidated basis.

We maintain leadership position in the industrial chemicals across product segments. We are one of the leading manufacturers of TAN in the world producing High-Density Ammonium Nitrate (HDAN), Low-density Ammonium Nitrate (LDAN) and Ammonium Nitrate Melt and we are the only producer of Ammonium Nitrate Solids in India. (Source – *CARE Report*) We are also the leading player in production of IPA, nitric acid and has leading installed capacity of nitric acid in South West Asia (South West Asia region includes Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka). (Source – *CARE Report*). We are one of the major manufacturers of Food Grade Liquid CO2 and Methanol. (Source – *CARE Report*).

Our revenue from operations for the Fiscal 2021 were up by 24% as compared to Fiscal 2020, and net profit grew by more than 4.5 times as compared to Fiscal 2020. EBITDA has doubled as compared to Fiscal 2020 with the EBITDA margins at 16.45% for Fiscal 2021. As on March 31, 2021, we significantly reduced our debt during Fiscal 2021 with Net Debt/Equity reduced from 1.20 in Fiscal 2020 to 0.65 in Fiscal 2021, while Net Debt/EBITDA reduced from 5.74 in Fiscal 2020 to 1.91 in Fiscal 2021. The delivery of profitable growth has been consistent across both our Chemicals and Fertiliser businesses with former contributing 81% to the overall operating profits share in Fiscal 2021. The strong financial performance is reflective of the various measures that we have taken over the last couple of years such as value proposition yield, focus on quality, focus on service levels at the field level, improvement of operational efficiency, better working capital management, debottlenecking of manufacturing sites, technological advancement and above all the move from a commodity player to specialty. In Fiscal 2021, our cash generation from operations stood at healthy levels of ₹1,24,750 lakhs.

Principal Factors Affecting our Results of Operations

Our financial performance and results of operations are influenced by a variety of factors, including without limitation, performance of agricultural sector, conditions in the markets of our end-user products, general economic conditions, changes in costs of raw material and government regulations and policies. Some of the more important factors are discussed below, as well as in the section "*Risk Factors*" beginning on page 39.

Dependent on the performance of the agricultural sector

For Fiscals 2021, 2020 and 2019, the total revenue (including other operating income) from our fertilizer business was ₹ 2,63,667 lakhs, ₹1,91,115 lakhs and ₹ 2,27,280 lakhs respectively. Our fertilizer business is dependent on the performance of the agricultural sector in which these products are used. The performance of the agricultural sector and consequently the demand for our fertilizers and other products, is dependent on area under cultivation, soil quality, climatic conditions including dispersal of rains and adequacy of monsoon, adequacy of water levels in reservoirs, crop prices, and availability of credit to farmers which are beyond our control. Further, the demand for our fertilizers is dependent on the cropping pattern which may vary year on year for the major crops. Any reduction in area under cultivation, adverse cropping pattern, climatic condition, erratic or inadequate monsoon and consequent scarcity of water or other developments affecting the performance of agricultural sector in which our products are used, may adversely affect our business, results of operations and financial condition. Further, global warming and other changes to the weather pattern are being witnessed globally which may make it difficult for us to place reliance on weather forecasts and growth opportunities.

Seasonality of our business

Our fertilizer business is seasonal and we are strategically located to cater to the horticulture rich and cash crop capital states of Maharashtra, Karnataka and Gujarat. Farmers tend to apply fertilizer during two short application periods, the two major crop seasons in the country, i.e., rabi and kharif. The strongest demand for our products typically occurs during the planting season. In contrast, we generally produce our products throughout the year. As a result, we and our customers generally build inventories during the low demand periods of the year in order to ensure timely product availability during the peak sales seasons. The seasonality of fertilizer demand results in our sales volumes and net sales being highest during the agricultural seasons and our working capital requirements typically being highest just prior to the start of the agricultural season. The degree of seasonality of our fertilizer business can change significantly from year to year due to conditions in the agricultural industry and other factors. As a consequence of our seasonality, we expect that our distributions will be volatile and will vary quarterly and annually. Our TAN business mainly finds its application in explosives, which is used in industries such as coal, mining and infrastructure. Any seasonality impact on these end user industries would impact demand of TAN products.

For further details, please see "Risk Factors - Internal Risks - *The agricultural industry is seasonal in our country, which may adversely affect the demand for our fertilizers. Any delays and/or defaults in payments from customers could affect the financial conditions of our business*." on page 39.

Raw material price fluctuations and availability

We are heavily reliant on foreign third-party suppliers for raw materials. As of March 31, 2021, March 31,2020 and March 31, 2019, we imported 69.43%, 67.02% and 72.51%, respectively. of raw materials from other countries. Fluctuations in the price, availability and quality of the raw materials used by us in the manufacturing of our products could have a material adverse effect on our cost of sales. The prices for such product depend largely on the market prices for the raw materials used to produce them. The price and availability of such raw materials may fluctuate significantly, depending on many factors, including import policies of our Government. Any material shortage or interruption in the supply or decrease in the quality of these raw materials due to natural causes or other factors could result in increased production costs that we may not be able to pass on to our customers, which in turn, would have a short term material adverse effect on our margins and results of operations.

Our raw material suppliers may allocate their resources to service other clients ahead of us and we may also be adversely impacted by delays in arrival of shipments from foreign suppliers due to weather conditions at the loading or unloading port. While we believe that we can find additional vendors to supply raw materials, any failure of our suppliers to deliver these raw materials in the necessary quantities or to adhere to delivery schedules or specified quality standards and technical specifications would adversely affect our production processes and our ability to deliver orders on time and at the desired level of quality. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may continue to fluctuate in future. Depreciation of the rupee against foreign currencies may, thus, have an adverse effect on the Company's results of operations.

For further details, please see "Risk Factors - Internal Risks - *We source a significant proportion of our raw material requirement such as ammonia, phosphoric acid, Muriate of Potash (MOP), ammonium sulphate from foreign suppliers. Any fluctuations in the price, availability and quality of raw materials could cause delay and increase our costs.*

Foreign Exchange Rate Risk

Our financial statements are prepared in Indian Rupees. However, our sales from exports and a portion of our raw materials expenditures are denominated in foreign currencies, mostly the U.S. dollars. For Fiscal 2021, Fiscal 2020 and Fiscal 2019, our revenue from exports was ₹ 7,424 lakhs, ₹ 8,212 lakhs and ₹ 12,963 lakhs, respectively. and revenue from exports as a percentage of total revenue was 1.28% for the two preceding years. Therefore, changes in the relevant exchange rates could also affect sales, operating results and assets and liabilities reported in Indian Rupees as part of our financial statements. While we hedge a portion of the resulting net foreign exchange position, we are still affected by fluctuations in exchange rates among the U.S. dollar and the Indian Rupee and we cannot assure you whether hedging or other risk management strategies will be effective.

In the Fiscal 2021, Fiscal 2020 and Fiscal 2019, our Company had imported 69.43%, 67.02% and 72.51% respectively of the raw material, which is denominated in foreign currencies. Therefore, we have high exposure to foreign currency risks in respect of our non-Indian Rupee-denominated trade and other receivables and trade payables. An appreciation of the Rupee decreases the Rupee amount of revenue from sales made in foreign currency. A depreciation of the Rupee would result in an increase in the prices of our imported raw materials. Depreciation of the Indian rupee against the U.S. dollar may increase the Indian rupee cost to us of servicing and repaying our foreign currency working capital borrowings and other payments, and any such increase may have an adverse effect on our financial condition, cash flows and results of operation.

We have a Board approved Foreign Currency Hedging Policy and the same is followed for hedging our foreign currency exposure on account of our foreign currency transactions Fluctuations in the value of the Rupee against foreign currencies, to the extent that it is not hedged, would result in gains or losses, which in the case of losses could have a material adverse effect on our business, financial condition, cash flows and results of operations. In addition, the policies of the RBI may also change from time to time, which may limit our ability to effectively hedge our foreign currency exposures and may adversely affect our reported revenues and financial results.

Government Regulations and Policies

Our operations are subject to a variety of national, and state regulations relating to the protection of the environment, including those governing the emission or discharge of pollutants into the environment, storage, transportation, disposal and remediation of solid and hazardous waste and materials. Violations of these laws and regulations or permit conditions can result in substantial penalties, injunctive orders compelling installation of additional controls, civil and criminal sanctions, permit revocations or facility shutdowns. In addition, new environmental laws and regulations, new interpretations of existing laws and regulations, increased governmental enforcement of laws and regulations or other developments could require us to make additional unforeseen expenditures. Many of these laws and regulations are becoming increasingly stringent, and the cost of compliance with these requirements can be expected to increase over time. These expenditures or costs for environmental compliance could have a material adverse effect on our results of operations, financial condition and ability to make cash distributions.

Our business is also subject to the occurrence of accidental spills, discharges or other releases of hazardous substances, such as ammonia, sulphuric acid or natural gas into the environment. Past or future spills from our manufacturing facilities or transportation of products or hazardous substances from our facility may give rise to liability (including strict liability, or absolute liability, and potential clean-up responsibility). For instance, we could be held strictly liable under the Public Liability Insurance Act, 1991, without regard to intent or whether our actions were in compliance with the law at the time of the spills. Any mishandling of hazardous substances by us could affect our business adversely and may impose liabilities on our Company. Significantly, environmental laws and regulations on fertilizer end-use and application and numeric nutrient water quality criteria could have a material adverse impact on fertilizer demand in the future. Future environmental laws and regulations on the end-use and application of fertilizers could cause changes in demand for our products. In addition, future environmental laws and regulations, or new interpretations of existing laws or regulations, could limit our ability to market and sell our products to end users and such laws, regulations or interpretations could have a material adverse effect on our results of operations, financial condition and ability to make cash distributions.

Termination of Customer Contract

Considering the nature of our businesses, we do not typically enter into long term sale contracts with our customers for majority of our products and there can be no assurance that our existing customers will continue to purchase our products. Most of our arrangements with clients are through purchase orders and we have not entered into any contracts with such clients. Any termination of such purchase orders, loss or financial weakness of any of our large customers could adversely affect our financial results. Our customers place orders with us from time to time, on transaction basis, for the purchase of our products. The loss of any of our key customers or a significant decrease in orders received from such customers as a result of increased competition or other factors may adversely affect our results of operations and cash flows. In addition, certain of our products are commodity products in highly competitive, price sensitive markets, and a significant fluctuation in the price of such commodity products may result in a decrease in orders from or discontinuation of business from key customers. Any failure to continue these contracts or renegotiate these contracts at terms acceptable to us may have an adverse impact on our financial condition, results of operations and cash flows. Further, our ability to pass on increases in the cost of raw materials and other inputs may be limited in the case of contracts with limited or no price escalation provisions. We are also subject to the risk that one or more of our existing suppliers may discontinue their operations, which may adversely affect our ability to source raw materials at a competitive price. Any increase in raw material prices may result in corresponding increases in our product costs.

Significant Accounting Policies

We have applied the following accounting policies in preparing our consolidated financial statements for Fiscal 2021:

a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 notified, as amended thereafter and other relevant provisions of the Act.

The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments;
- Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments); and
- Employee defined benefits plans – plan assets are measured at fair value

The consolidated financial statements are presented in Indian Rupees ("INR"), which is also the Group functional currency and all values are rounded off to the nearest Lakhs, except when otherwise indicated. Wherever, an amount is presented as INR '0' (zero) it construes value less than ₹ 50,000.

b) Significant accounting estimates, assumptions and judgements

The preparation of the consolidated financial statements requires management to make 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 effected in future periods.

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 amount of assets and liabilities within the next financial year, are described below. The Group has based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Taxes

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provisions in the period in which the tax determination is made. The assessment of probability involves estimation of a number of factors including future taxable income.

Useful lives of Property, plant and equipment ('PPE')

The Management reviews the estimated useful lives and residual value of PPE at the end of each reporting period. Factors such as changes in the expected level of usage, number of shifts of production, technological developments and product life-cycle, could significantly impact the economic useful lives and the residual values of PPE, consequently leading to a change in the future depreciation charge.

Defined benefit plans

Employee benefit obligations are determined using independent actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual results in the future. These include the determination of the discount rate, future salary increases, experience of employee departures and mortality rates. Due to the complexities involved in the valuation and its long-term nature, employee benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Provisions for Litigations and claims

From time to time, the Group is subject to legal proceedings, the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the charge/ expense can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcomes and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions are made for the changes in facts and circumstances. Contingent liabilities are disclosed in the notes forming part of the consolidated financial statements. Contingent assets are not disclosed in the consolidated financial statements unless an inflow of economic benefits is probable.

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 Discounted Cash flow ("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing their fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair values of financial instruments.

Impairment of financial assets
The Group assesses impairment based on the expected credit loss ("ECL") model on trade receivables. The Group uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables.

Impairment of non-financial assets (including PPE, CWIP and intangible assets)
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates that the assets' recoverable amount. An assets' recoverable amount is the higher of an asset's 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 cashflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and it is written down to its recoverable amount. In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken in account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded entities or other available fair value indicators.

c) Principles of consolidation and equity accounting
(i) Subsidiaries
Subsidiaries are all entities (including structured entities) over which the Group has control. The group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group. The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated balance sheet respectively.

(ii) Associates
Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

(iii) Joint Arrangements
Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint Ventures
Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

Equity method of accounting (equity accounted investees)

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group. The carrying amount of equity accounted investments are tested for impairment.

Changes in ownership interests:

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

d) Principles of consolidation and equity accounting

The details of consolidated entities are as follows:

Name of the Companies		**Country of incorporation**	**Percentage of ownership interest**
1	Smartchem Technologies Limited (STL)	India	100.00%
2	Deepak Nitrochem Pty Limited	Australia	100.00%
3	Deepak Mining Services Private Limited (DMSPL)	India	100.00%
4	Complete Mining Solution Private Limited (formerly known as Runge PincockMinarco India Private Limited) (Subsidiary of DMSPL)	India	100.00%
5	SCM Fertichem Limited	India	100.00%
6	Platinum Blasting Services Pty Limited (PBS)[Subsidiary of STL]	Australia	65.00%
7	Australian Mining Explosives Pty Limited (AME)[Subsidiary of PBS]	Australia	65.00%
8	Performance Chemiserve Limited (formerly known as Performance Chemiserve Private Limited) [Subsidiary of STL]	India	88.91%
9	Ishanya Brand Services Limited	India	100.00%

10	Mahadhan Farm Technologies Private Limited (Subsidiary of STL)	India	100.00%

Goodwill on consolidation is measured as the excess of the sum of the consideration transferred, the amount of NCI in the acquiree, and the fair value of the acquiror's previously held equity instruments in the acquiree (if any) over the net of acquisition date fair value of identifiable net assets acquired and liabilities assumed. Profit or loss and each component of Other comprehensive income (OCI) are attributed to the equity holders of the Holding Company and to the NCI, even if this results in the NCI having a deficit balance.

The results of subsidiaries acquired or disposed off during the year are included in the consolidated financial statements from the effective date of acquisition and upto the effective date of disposal, as appropriate.

Non-controlling interests (NCI) in the net assets of the subsidiaries that are consolidated consist of the amount of equity attributable to non-controlling shareholders at the date of acquisition.

Summary of significant accounting policies

(a) Current versus non-current classification

The Group presents assets and liabilities in the Balance Sheet based on current/ non-current classification.
An asset is treated as current when:
• It is expected to be realised or intended to be sold or consumed in the normal operating cycle;
• It is held primarily for the purpose of trading;
• It is expected to be realised within twelve months after the reporting period; or
• It is a cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.
A liability is current when:
• It is expected to be settled in normal operating cycle;
• It is held primarily for the purpose of trading;
• It is due to be settled within twelve months after the reporting period; or
• There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle for the purpose of current and non-current classification of assets and liabilities.

(b) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer i.e. when the customer is able to direct the use of the transferred goods or rendering of services and obtains substantially all of the remaining benefits at an amount that reflects the consideration entitled in exchange for those goods or services. The policy of recognizing the revenue is determined by the five-stage model specified in Ind AS 115 "Revenue from contracts with customers".

Sale of Goods:

Revenue is recognised upon transfer of control of promised goods to customers for an amount that reflects the consideration which the Group expects to receive in exchange for those goods. Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch/ delivery of goods, based on contracts with the customers. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government. Accruals for discounts/incentives and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers. Due to the short nature of credit period given to customers, there is no financing component in the contract.

Sale of Services:
Sale of services are recognised on satisfaction of performance obligation towards rendering of such services.

Interest Income:
Interest Income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend Income:
Dividend income from investments in shares is recognised when the owner's right to receive the payment is established.

(c) Property, plant and equipment
An item of property, plant and equipment ('PPE') is recognised as an asset if it is probable that the future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. These recognition principles are applied to the costs incurred initially to acquire an item of PPE, to the pre-operative and trial run costs incurred (net of sales), if any and also to the costs incurred subsequently to add to, replace part of, or service it and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of PPE includes interest on borrowings directly attributable to the acquisition, construction or production of a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to be made ready for its intended use or sale. Borrowing costs and other directly attributable cost are added to the cost of those assets until such time as the assets are substantially ready for their intended use, which generally coincides with the commissioning date of those assets.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision is met. Machinery spares that meet the definition of PPE are capitalised and depreciated over the useful life of the principal item of an asset. All other repair and maintenance costs, including regular servicing, are recognised in the consolidated Statement of Profit and Loss as incurred. When a replacement occurs, the carrying value of the replaced part is de-recognised. Where an item of property, plant and equipment comprises major components having different useful lives, these components are accounted for as separate items.

An item of property, plant and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised within other income/expenses in the statement of profit and loss.

PPE acquired and put to use for projects are capitalised and depreciation thereon is included in the project cost till the project is ready for commissioning. Depreciation on PPE (except leasehold improvements) is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. However, leasehold improvements are depreciated on a straight-line method over the shorter of their respective useful lives or the tenure of the lease arrangement. Freehold land is not depreciated. Schedule II to the Act prescribes the useful lives for various class of assets. For certain class of assets, based on technical evaluation and assessment, Management believes that the useful lives adopted by it reflect the periods over which these assets are expected to be used. Accordingly, for those assets, the useful lives estimated by the management are different from those prescribed in the Schedule. Management's estimates of the useful lives for various class of PPE are as given below:

Name of assets	Estimated useful life (in years)
Computers – Servers and Networks	3 – 6
End User Devices such as desktops and laptops	3 – 6
Vehicles	4 – 7
Buildings (other than factory buildings) with RCC frame structure	61
Plant and equipment including office and laboratory equipments	Various estimated lives upto 25 years. WNA III plant is depreciated at 25.88% on the WDV method
Windmill	19
Plant & machinery used for generation of power through gas	40

Capital work in progress (CWIP)

Projects under commissioning and other CWIP are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing cost. Subsequent expenditures relating to property, plant and equipment are capitalised only when it is probable that future economic benefit associated with these will flow to the Group and the cost of the item can be measured reliably. Advances given to acquire property, plant and equipment are recorded as non-current assets and subsequently transferred to CWIP on acquisition of related assets.

(d) Intangible assets

Intangible assets are initially recognized at cost. Following initial recognition, intangible assets with finite useful life are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the consolidated Statement of Profit and Loss in the period in which the expenditure is incurred.

The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Gains or losses arising from de-recognition 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 consolidated Statement of Profit and Loss when the asset is derecognized.

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the operating segments.

Name of intangible assets	**Estimated useful life (in years)**
Computer software	3 to 8
License fees	3 to 8
Technical knowhow/ engineering fees	3 to 8

(e) Bearer plant

Bearer plants are living plants used in the production or supply of agricultural produce; are expected to bear produce for more than one period; and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. Bearer plants mainly include mature and immature pomegranate plantations. Immature plantations are stated at acquisition cost which includes costs incurred for field preparation, planting, fertilising and maintenance, and an allocation of other indirect costs based on planted hectares.

Mature plantations are stated at acquisition cost less accumulated depreciation and impairment. Mature plantations are depreciated on a straight-line basis and over its estimated useful life of 6 years, upon commencement of commercial production.

The carrying values of bearer plants are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits. A bearer plant is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the bearer plant is included in the income statement in the year the bearer plant is derecognized.

(f) Borrowing costs

Borrowing costs that are 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, are capitalised as a part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Investment income earned on the temporary investment of specific borrowings is deducted from the borrowing costs eligible for capitalisation.

(g) Investment property

Investment properties are land and buildings that are held for long term lease rental yields and/ or for capital appreciation. Investment properties are initially recognised at cost including transaction costs. Subsequently investment properties comprising buildings are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Depreciation on buildings is provided over the estimated useful lives as specified in note (c) above. The residual values estimated useful lives and depreciation method of investment properties are reviewed, and adjusted on prospective basis as appropriate, at each reporting date. The effects of any revision are included in the consolidated Statement of Profit and Loss when the changes arise.

An investment property is de-recognised when either the investment property has been disposed of or do not meet the criteria of investment property i.e. when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated Statement of Profit and Loss in the period of de-recognition.

(h) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less cost to sell. Non-current assets classified as held for sale are not depreciated or amortised from the date when they are classified as held for sale. Non-current assets classified as held for sale are presented separately from the other assets and liabilities in the consolidated balance sheet.

(i) Foreign currency transactions and balances

The functional currency of the Group (i.e. the currency of the primary economic environment in which the Group operates) is the Indian Rupee (₹). On initial recognition, all foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Monetary assets and liabilities, denominated in a foreign currency, are translated at the exchange rate prevailing on the Balance Sheet date and the resultant exchange gains or losses are recognised in the consolidated Statement of Profit and Loss. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Foreign operations

Assets and liabilities of entities with functional currencies other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the Balance Sheet date. The Statement of Profit and Loss has been translated using the average exchange rates. The net impact of such translation are recognised in OCI and held in foreign currency translation reserve ('FCTR'), a component of Equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control, over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement that includes a foreign operation of which the retained interest becomes a financial asset), the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to the consolidated Statement of Profit and Loss as part of the gain or loss on disposal.

In case of a partial disposal of interests in a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to NCI and are not recognised in the consolidated Statement of Profit and Loss. For all other partial disposal (i.e. partial disposals of joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to the consolidated Statement of Profit and Loss.

(j) 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 recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
• Debt instruments at amortised cost
• Debt instruments at fair value through other comprehensive income (FVOCI)
• Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
• Equity instruments measured at fair value through other comprehensive income (FVOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the consolidated Statement of Profit and Loss. The losses arising from impairment are recognised in the consolidated Statement of Profit and Loss. This category generally applies to trade and other receivables.

Debt instrument at FVOCI
A 'debt instrument' is classified as at the FVOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
b) The asset's contractual cash flows represent SPPI. Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified to the consolidated Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVPL
FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVPL. In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVPL category are measured at fair value with all changes recognised in the consolidated Statement of Profit and Loss.

Equity investments
All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are

classified as at FVPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the consolidated Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the consolidated Statement of Profit and Loss.

Impairment of financial assets
The Group recognizes loss allowance using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all financial assets with contractual cash flows other than trade receivable, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECLs (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the consolidated Statement of Profit and Loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group balance sheet) when:
• The rights to receive cash flows from the asset have expired, or
• The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Financial liabilities
Financial liabilities are classified and measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in consolidated Statement of Profit and Loss. Any gain or loss on derecognition is also recognized in consolidated Statement of Profit and Loss.

Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated Statement of Profit and Loss.

Derivative financial instruments
The Group uses various types of derivative financial instruments to hedge its currency and interest risk etc. Such

derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the consolidated Balance Sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Financial guarantee contracts
Financial guarantee contracts are recognised as a financial liability at the time of issuance of guarantee. The liability is initially measured at fair value and is subsequently measured at the higher of the amount of loss allowance determined, or the amount initially recognised less, the cumulative amount of income recognised.

Fair value of financial instruments
In determining the fair value of its financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value.

(k) Leases

The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a define period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets, the Group assesses whether: (i) the contact involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

As a lessee, the Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group incremental borrowing rate. For leases with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. Lease payments included in the measurement of the lease liability comprise the fixed payments, including in-substance fixed payments and lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. The Group has elected not to recognise right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Group has applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

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 fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(l) Inventories

Cost of raw materials, traded goods, packing materials and stores and spares comprises cost of purchases and cost of finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts.

- Raw materials, packing materials and stores and spares are valued at the lower of cost and net realisable value. Cost is determined on the basis of moving weighted average method. The aforesaid items are valued below cost if the finished products in which they are to be incorporated are expected to be sold at a loss.
- Finished goods and by-products including those held for captive consumption are valued at the lower of cost and net realisable value. Cost is determined on actual cost basis. Cost of finished goods includes taxes and duties, as applicable. Variances, exclusive of abnormally low volume and operating performance, are adjusted to inventory. Stock-in-trade is valued at lower of cost and net realisable value.
- Net realizable 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.

(m) Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the assets' recoverable amount. An assets' recoverable amount is the higher of an asset's 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 cashflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and it is written down to its recoverable amount.

In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken in account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded entities or other available fair value indicators. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment loss no longer exist or has decreased. If such indication exists, the Group estimates the assets' or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the assets' 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 recognised for the asset in prior years.

Such reversal is recognised in the consolidated Statement of Profit and Loss.

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive), as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurancecontract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated Statement of Profit and Loss. net of any reimbursements.

If the effect of 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. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

(o) Employee benefits

Employee benefits consist of provident fund, superannuation fund, gratuity fund, compensated absences, long service awards, post-retirement medical benefits, directors' retirement obligations and family benefit scheme.

Post-employment benefit plans

Defined contribution plans
Payments to a defined contribution retirement benefit scheme for eligible employees in the form of provident fund and superannuation fund are charged as an expense as they fall due. Such benefits are classified as Defined Contribution Schemes as the Group does not carry any further obligations, apart from the contributions made.

Defined benefit plans
For defined benefit schemes in the form of gratuity fund, the cost of providing benefits is actuarially determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date. The retirement benefit obligation recognised in the consolidated balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets. The present value of the said obligation is determined by discounting the estimated future cash outflows, using market yields of government bonds of equivalent term and currency to the liability. The interest income / (expense) are calculated by applying the discount rate to the net defined benefit liability or asset.

The net interest income / (expense) on the net defined benefit liability is recognised in the consolidated Statement of Profit and Loss. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling (if any), are recognised immediately in the consolidated Balance Sheet with a corresponding charge or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the consolidated Statement of Profit and Loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the consolidated Statement of Profit and Loss as past service cost.

Short-term employee benefits
The short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave and performance incentives which are expected to occur within twelve months after the end of the period in which the employee renders the related services.

The cost of compensated absences is accounted as under:
(a) In case of accumulating compensated absences, when employees render service that increase their entitlement of future compensated absences; and
(b) In case of non - accumulating compensated absence, when the absences occur.

Other long-term employee benefits
Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability. The cost of providing benefits is actuarially determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date. Long Service Awards are recognised as a liability at the present value of the obligation at the Balance Sheet date. All gains/losses due to actuarial valuations are immediately recognised in the consolidated Statement of Profit and Loss.

(p) Derivative financial instruments

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship which is designated.

Cash flow hedges that qualify for hedge accounting: The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in 'other comprehensive income' in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated Statement of Profit and Loss. Amounts accumulated in equity are reclassified to the consolidated Statement of Profit and Loss in the periods in which the hedged item affects the profit or loss.

If the hedging relationship no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the underlying transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the underlying transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified in the Statement of Profit and Loss.

Derivatives that are not designated as hedges: The Group enters into certain derivative contracts to hedge foreign exchange risks which are not designated as hedges. Such derivative contracts are accounted for at each reporting date at fair value through the consolidated Statement of Profit and Loss.

(q) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

(r) Cash dividend

The Group recognizes a liability to make cash distributions to equity shareholders when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders of the Group.

(s) Income taxes

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities in accordance with the Income Tax Act, 1961. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized outside profit and loss is recognized outside profit and loss (either in other comprehensive income 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 income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or in respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets on deductible temporary differences, the carry forward of unused tax credits and any unused tax losses are recognized to the extent that there is reasonably certainty that taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits and 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.

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

(t) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. For the purposes of calculating diluted earnings per share, the net profit for the period attributable to equity

(t) Earnings per share

shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(u) Segment reporting

Based on the “Management approach” as defined in Ind AS 108: Operating Segments, the Chief Operating Decision Maker evaluates the Group performance and allocates resources based on an analysis of various performance indicators by business segments. Inter-segment sales and transfers are reflected at market prices.

Segment policies
The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements as a whole. Common allocable costs are allocated to each segment on an appropriate basis. Revenues, expenses, assets and liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as "unallocated revenues/expenses/ assets/ liabilities", as the case may be.

(v) Business combinations

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the consolidated statement of profit and loss, as incurred. The acquiree’s indentifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date except deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements, which are recognised and measured in accordance with Ind AS 12 Income taxes and Ind AS 19 Employee benefits.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of NCI in the acquiree and the fair value of acquirer’s previously held equity instrument in the acquire (if any) over the net of acquisition date fair value of identifiable net assets acquired and liabilities assumed. Where the fair values of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve.

The interest of non-controlling shareholders is initially measured either at fair value or at the NCI’s proportionate share of the acquiree’s identifiable net assets. The choice of measurement basis is made on an acquisition by acquisition basis.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting in a contingent consideration arrangement, such contingent consideration, on the acquisition date is measured at fair value and included as a part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments, are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve as the case may be. Measurement period adjustments are adjustments that arise from additional information during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

(v) Business combinations

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as the measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at fair value at subsequent reporting dates with the corresponding gain or loss being recognised in consolidated statement of profit and loss.

When a business combination is achieved in stages, the Group’s previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in consolidated Statement of Profit and Loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to consolidated Statement of Profit and Loss where such treatment would be appropriate if that interest were disposed off.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amount for the items for which the accounting is incomplete. Those provisional amount are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amount recognised at that date.

Changes in the proportion of the equity held by NCI are accounted for as equity transactions. The carrying amount of the controlling interests and NCI are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the NCI are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

The Group accounts for the common control transactions in accordance with the 'pooling of interests' method prescribed under Ind AS 103 – Business Combinations for common control transactions where all the assets and liabilities of transferor companies would be recorded at the book value as at the Appointed date.

(w) Contingent Liability and Contingent Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of economic resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

A contingent asset is not recognized unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the consolidated financial statements.

Contingent liabilities and contingent assets are reviewed at each balance sheet date.

(x) Changes in significant accounting policies

There have been no changes in accounting policies during the Financial year 2019-20, except for implementation of Ind AS 116 as described in point 2.3 (k) of accounting policies.

(y) Recent Indian Accounting Standard (Ind AS) and note on COVID-19

1. Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2021. MCA issued notifications dated 24th March, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Group in its financial statements. These amendments are applicable to the Group for the financial year starting 1st April, 2021.

2. Note on COVID-19

In view of the lockdown across the country due to the outbreak of COVID pandemic, operations in many of the Group's locations (manufacturing, warehouses, offices, etc.) are scaled down or shut down in compliance with the directives/ orders issued by the local Panchayat/Municipal Corporation/State/Central Government authorities.

As per management's current assessment, no significant impact on carrying amounts of inventories, intangible assets, trade receivables, investments and other financial assets is expected, and management will continue to monitor changes in future economic conditions. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on the date of approval of these consolidated financial statements.

Changes in the accounting policy if any in the last three years and their effect on our profits and reserves

There have been no changes in accounting policies of the Company during the last three financial years, except for with respect to Ind AS 116 "*Leases*" effective from April 1, 2019, which did not have a material impact on our financial statements. There was no material impact on the financial statement of the Company due to this change.

Non-GAAP Financial Measures

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like Net Worth, return on Net Worth, Net Asset Value per Equity Share, ratio of non-current liabilities-borrowings (including current maturities) / total equity (excluding non-controlling interest), ratio of total borrowings/ total equity (excluding non-controlling interest) and EBITDA have been included in this placement document. These may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.

We classify a financial measure as being a non- GAAP financial measure if that financial measure excludes or includes amounts, or is subject to adjustments that have the effect of excluding or including amounts, that are not included or excluded in the most directly comparable measure calculated and presented in accordance with Ind-AS as in effect from time to time in our financial statements. The non-GAAP financial measures are supplemental measures that are not required by, or are not presented in accordance with, Ind-AS. Non-GAAP financial measures do not include operating, other statistical measures or ratios calculated using exclusively financial measures calculated in accordance with Ind-AS. Moreover, the way we calculate the non-GAAP financial measures may differ from that of other companies reporting measures with similar names, which may limit these measures' usefulness as a comparative measure. Our management believes these non-GAAP financial measures are useful to compare general operating performance from period to period and to make certain related management decisions. They also used by securities analysts, lenders and others in their evaluation of different companies.

Overview of Revenue and Expenditure

The following descriptions set forth information with respect to key components of our income statement.

Revenue

Revenue from operations

Revenue from operations comprises income from sale of products, comprising primarily of finished goods, traded goods, power generated from windmills and revenue from realty business and other operating revenues.

Other income

Other income primarily comprises Interest income from financial assets measured at amortized cost, fair value gain on financial assets mandatorily measured at fair value through profit or loss, gain on sale of land and property, plant and equipment amongst others.

Expenses

Our expenditure comprises the following:

a) Cost of materials consumed: Cost of materials consumed attributes to the raw materials consumed.

b) Purchase of stock-in-trade

c) Changes in Inventories of Stock-in-Trade and Finished Goods: Expenses accounted for pursuant to an (increase)/decrease in inventories of stock in trade and finished goods.

d) Employee benefit expenses: Employee benefit expenses comprises salaries, wages and bonus, contribution to provident and other funds, gratuity, post-employment pension benefits and staff welfare expenses.

e) Finance costs: Finance costs comprises interest cost on financial liabilities measured at amortized cost, finance charges on finance leases, Increases in the decommissioning liabilities, other interest and borrowing costs and exchange differences regarded as an adjustment to borrowing costs.

f) Depreciation and amortization expenses: Depreciation and amortization expenses comprises Depreciation on property, plant and equipment, amortisation of right of use assets and amortisation on intangible assets.

g) Other expenses: Other expenses comprise primarily of Consumption of stores and spares, power, fuel and water, repairs to, buildings, plant and machinery and others, rent, insurance, travelling and conveyance, warehouse and handling charges, sales and promotion expenses among others.

Business Segments

The following table sets out the segment revenue and results across our business segments, which are, (a) Chemicals, (b) Bulk Fertilisers, (c) Realty (d) Windmill/Others and (e) Common.

Sr. No.	Particulars	Fiscal 2021 (*₹ in lakhs*)	Fiscal 2020 (*₹ in lakhs*)	Fiscal 2019 (*₹ in lakhs*)
(A)	**Primary Segments: Business Segments**			
1.	**Revenue:**			
a)	**External Sales**			
i.	Manufactured			
	Chemical	**265,708**	**2,26,308**	**2,54,711**
	Fertilizer	217,054	1,58,445	1,52,839
	Realty	786	1,396	971
	Windmill/Others*	253	745	818
	Common	-	-	-
ii.	**Traded**			
	Chemical	49,897	48,155	1,88,643
	Fertilizer	46,214	32,467	74,375
	Realty	394	765	1,184
	Windmill/Others*	-	-	-
	Common	-	-	-
b)	**Inter-segment sales**			
	Chemical	-	-	-
	Fertilizer	-	-	-
	Realty	-	-	-
	Windmill/Others*	-	-	-
	Common	-	-	-
c)	**Other operating income**			
	Chemical	144	54	599
	Fertilizer	399	203	66
	Realty	-	-	-
	Windmill/Others*	-	-	-
	Common	-	-	-
d)	**Unallocated Corporate other income**			
	Chemical	-	-	-
	Fertilizer	-	-	-
	Realty	-	-	-
	Windmill/Others*	-	-	-
	Common	3,267	9,545	5,430
	Total Revenue			
	Chemical	3,15,749	2,74,517	4,43,953
	Fertilizer	2,63,667	1,91,115	2,27,280
	Realty	1,180	2,161	2,155
	Windmill/Others*	253	745	818
	Common	3,267	9,545	5,430
2.	**Segment Results Profit/(Loss):**			
	Chemical	74,439	41,358	51,725
	Fertilizer	19,751	3,344	(3,886)
	Realty	(1,806)	(1,428)	(1,572)

Sr. No.	Particulars	Fiscal 2021 *(₹ in lakhs)*	Fiscal 2020 *(₹ in lakhs)*	Fiscal 2019 *(₹ in lakhs)*
	Windmill/Others*	(176)	353	421
	Common	3,267	9,545	5,430
3.	**Interest (only for Common)**	18,771	24,293	22,933
4.	**Unallocated Corporate expenses (only for Common)**	17,872	18,554	17,901
5.	**Profit before share of (loss) of equity accounted investees and income tax**	58,832	10,325	11,284

For Fiscals 2021 and 2020, the segment was 'windmill' and for Fiscal 2019, the segment was 'Others'.

Secondary Segment Information: There are no reportable geographical segments since the Company and its Subsidiaries caters mainly to needs of Indian markets.

Results of Operations

The following table sets forth our income statement data, the components of which are expressed as a percentage of revenue from operations for the periods indicated, for our consolidated operations for Fiscal 2021, Fiscal 2020 and Fiscal 2019.

Particulars	**For the year ended March 31**					
	2021		**2020**		**2019**	
	(₹ in Lakhs)	**% of Revenue from Operations**	**(₹ in Lakhs)**	**% of Revenue from Operations**	**(₹ in Lakhs)**	**% of Revenue from Operations**
Revenue						
Revenue from operations	5,80,849	100.00	4,68,538	100.00	6,74,206	100.00
Other income	3,267	0.56	9,545	2.04	5,430	0.81
Total income	**5,84,116**	**100.56**	**4,78,083**	**102.04**	**6,79,636**	**100.81**
Expenses						
Cost of materials consumed	2,89,212	49.79	2,61,470	55.81	2,83,536	42.05
Purchase of stock in trade	84,351	14.52	55,471	11.84	2,51,930	37.37
Changes in inventories of finished goods and stock-in-trade.	6,826	1.18	14,017	2.99	(6,403)	(0.95)
Employee benefits expense	36,513	6.29	30,617	6.53	27,766	4.12
Finance costs	18,771	3.23	24,293	5.18	22,933	3.40
Depreciation and amortization expenses	21,195	3.65	21,353	4.56	17,146	2.54
Other expenses	68,416	11.78	60,537	12.92	71,444	10.60
Total expenses	**5,25,284**	**90.43**	**4,67,758**	**99.83**	**6,68,352**	**99.13**
Profit before share of (loss) of equity accounted investees and income tax	58,832	10.13	10,325	2.20	11,284	1.67
Share of (loss) of equity accounted investees	-	-	(17)	(0.00)	(305)	(0.05)
Profit before tax	**58,832**	**10.13**	**10,308**	**2.20**	**10,979**	**1.63**
Tax expenses:						
Current year tax	18,672	3.21	381	0.08	1,351	0.20
Deferred tax (credit)/charge	(484)	(0.08)	1,026	0.22	2,281	0.34
Total tax expenses	**18,188**	**3.13**	**1,407**	**0.30**	**3,632**	**0.54**
Profit for the year	**40,644**	**7.00**	**8,901**	**1.90**	**7,347**	**1.09**
Other comprehensive income (OCI)						
A) Items that will not be reclassified into statement of profit and loss						
Remeasurement of defined benefit obligations	(840)	(0.14)	(1,121)	(0.24)	(520)	(0.08)
Income tax relating to these item	243	0.04	334	0.07	182	0.03
Total (A)	(597)	(0.10)	(787)	(0.17)	(338)	(0.05)
B) Items that will be reclassified subsequently to profit or loss						
Exchange differences on translation of foreign operations	882	0.15	(191)	(0.04)	(190)	(0.03)
Changes in fair value of investments	(69)	(0.01)	-	-	(51)	(0.01)

Particulars	For the year ended March 31					
	2021		2020		2019	
	(₹ in Lakhs)	% of Revenue from Operations	(₹ in Lakhs)	% of Revenue from Operations	(₹ in Lakhs)	% of Revenue from Operations
carried at fair value through OCI						
Cash Flow hedge	494	0.09	-	-	-	-
Income tax relating to this item	(107)	(0.02)	-	-	18	0.00
Total (B)	**1,200**	**0.21**	**(191)**	**(0.04)**	**(223)**	**(0.03)**
Other comprehensive income for the year (A+B), net of tax liability	**603**	**0.10**	**(978)**	**(0.21)**	**(561)**	**(0.08)**
Total comprehensive income for the year	41,247	7.10	7,923	1.69	6,786	1.01
Profit for the year attributable to:						
Owners of the Company	40,031	6.89	8,726	1.86	7,067	1.05
Non controlling interests	613	0.11	175	0.04	280	0.04
Other comprehensive income (net of tax) attributable to:						
Owners of the Company	294	0.05	(911)	(0.19)	(519)	(0.08)
Non controlling interests	309	0.05	(67)	(0.01)	(42)	(0.01)
Total comprehensive income for the year attributable to:						
Owners of the Company	40,325	6.94	7,815	1.67	6,548	0.97
Non controlling interests	922	0.16	108	0.02	238	0.04

Fiscal 2021 as compared to Fiscal 2020

Revenue from operations

Our revenue from operations increased by 23.97 % from ₹ 4,68,538 lakhs in Fiscal 2020 to ₹ 5,80,849 lakhs in Fiscal 2021. This increase can be primarily attributed to increased volumes in fertilizer segment.

Other Income

Our other income decreased significantly by 65.77% from ₹ 9,545 lakhs in Fiscal 2020 to ₹ 3,267 lakhs in Fiscal 2021. In Fiscal 2020, our other income was particularly high due to gain on monetization of non-core assets.

Cost of Materials Consumed

Our cost of materials consumed increased by 10.61% from ₹2,61,470 lakhs in Fiscal 2020 to ₹2,89,212 lakhs in Fiscal 2021, primarily due to an increase in the volume of products manufactured and an increase in the prices of key raw materials.

Purchase of Stock-in-Trade

Our purchase of stock-in-trade increased by 52.06 % from ₹ 55,471 lakhs in Fiscal 2020 to ₹84,351 lakhs in Fiscal 2021, primarily due to increase in imported trading volumes.

Change in inventories of finished goods and stock-in-trade

Our change in inventories of finished goods and stock-in-trade was ₹ 6,826 lakhs in Fiscal 2021 as we held lesser finished goods as at March 31, 2021, when compared to April 1, 2020, to cater for the supply obligations to our customers. Our change in inventories of finished goods and stock-in-trade in Fiscal 2020 was ₹ 14,017 lakhs.

Employee Benefits Expense

Our employee benefits expenses increased by 19.26% from ₹30,617 lakhs in Fiscal 2020 to ₹36,513 lakhs in Fiscal 2021 due to normal increase and managerial remuneration. However annual % of employee benefits expense is at 6.29% of revenue from operations during Fiscal 2021 as compared to 6.53% of revenue from operations in Fiscal 2020.

Finance Costs

Our finance costs decreased by (22.73) % from ₹24,293 lakhs in Fiscal 2020 to ₹18,771 lakhs in Fiscal 2021 due to reduction in overall borrowing and utilization of lower cost debt facilities.

Depreciation and Amortization Expense

Our depreciation and amortization expense decreased by (0.74) % from ₹21,353 lakhs in Fiscal 2020 to ₹21,195 lakhs in Fiscal 2021.

Other expenses

Our other expenses increased by 13.02 % from ₹60,537 lakhs in Fiscal 2020 to ₹68,416 lakhs in Fiscal 2021, primarily due to increases in (i) utilities and other expenses in relation to the manufacturing facilities, and (ii) carriage outwards due to higher volumes.

Profit before tax

As a result of the foregoing, we recorded an increase of 470.74 % in our profit before tax, which amounted to ₹58,832 lakhs in Fiscal 2021 as compared to ₹10,308 lakhs in Fiscal 2020.

Tax expenses

Our tax expenses increased by 1192.68 % from ₹1,407 lakhs in Fiscal 2020 to ₹18,188 lakhs in Fiscal 2021 primarily due to substantial increase in profit before tax.

Other comprehensive income for the year (For items that will not be reclassified to profit or loss and for items that will be reclassified subsequently to profit or loss)

Other comprehensive income for the year increased from ₹ (978) lakhs in Fiscal 2020 to ₹ 603 lakhs in Fiscal 2021.

Total comprehensive income for the year attributable to Owners of the Company

As a result of the foregoing, we recorded an increase of 415.99% in total comprehensive income for the year attributable to owners of the Company for the year from ₹7,815 lakhs in Fiscal 2020 to ₹40,325 lakhs in Fiscal 2021.

Total comprehensive income for the year attributable to Non controlling interests

As a result of the foregoing, we recorded an increase of 753.70% in total comprehensive income for the year attributable to Non controlling interests for the year from ₹108 lakhs in Fiscal 2020 to ₹922 lakhs in Fiscal 2021.

Total comprehensive income for the year

As a result of the foregoing, our total comprehensive income for the year increased by 420.60 %, from ₹7,923 lakhs in Fiscal 2020 to ₹41,247 lakhs in Fiscal 2021.

Fiscal 2020 as compared to Fiscal 2019

Revenue from operations

Our revenue from operations decreased by 30.51 % from ₹ 6,74,206 lakhs in Fiscal 2019 to ₹ 4,68,538 lakhs in Fiscal 2020. This decrease can be primarily attributed to reduction in trading business, since Company cautiously consolidated its trading portfolio with a focus on high margin products.

Other Income

Our other income increased by 75.78 % from ₹ 5,430 lakhs in Fiscal 2019 to ₹ 9,545 lakhs in Fiscal 2020. In Fiscal 2020, our other income was particularly high due to gain on monetisation of non-core assets of the company.

Cost of Materials Consumed

Our cost of materials consumed decreased by 7.78 % from ₹2,83,536 lakhs in Fiscal 2019 to ₹2,61,470 lakhs in Fiscal 2020, primarily due to drop in sale of manufactured products.

Purchase of Stock-in-Trade

Our purchase of stock-in-trade decreased by 77.98 % from ₹ 2,51,930 lakhs in Fiscal 2019 to ₹55,471 lakhs in Fiscal 2020, primarily due to reduction in trading business.

Change in inventories of finished goods and stock-in-trade

Our change in inventories of finished goods and stock-in-trade was ₹ (6,403) lakhs in Fiscal 2019 as we held more finished goods as at March 31, 2019, when compared to April 1, 2018. Our change in inventories of finished goods and stock-in-trade in Fiscal 2020 was ₹ 14,017 lakhs.

Employee Benefits Expense

Our employee benefits expenses increased by 10.27 % from ₹27,766 lakhs in Fiscal 2019 to ₹30,617 lakhs in Fiscal 2020 due to normal increment.

Finance Costs

Our finance costs increased by 5.93 % to ₹24,293 lakhs in Fiscal 2020 from ₹22,933 lakhs in Fiscal 2019 due to increase in cost of borrowing.

Depreciation and Amortization Expense

Our depreciation and amortization expense increased by 24.54 % from ₹17,146 lakhs in Fiscal 2019 to ₹21,353 lakhs in Fiscal 2020 primarily due to the commencement of commercialization of major facilities during Fiscal 2020

Other expenses

Our other expenses decreased by 15.27 % from ₹71,444 lakhs in Fiscal 2019 to ₹60,537 lakhs in Fiscal 2020, primarily due to decreases in (i) legal and professional fees, and (ii) carriage outwards due to lower volumes.

Profit before tax

As a result of the foregoing, we recorded decrease of 6.11 % in our profit before tax, which amounted to ₹10,979 lakhs in Fiscal 2019 as compared to ₹10,308 lakhs in Fiscal 2020.

Tax expenses

Our tax expenses decreased by 61.26 % from ₹3,632 lakhs in Fiscal 2019 to ₹1,407 lakhs in Fiscal 2020 primarily due to lower taxable profit.

Other comprehensive income for the year (For items that will not be reclassified to profit or loss and for items that will be reclassified subsequently to profit or loss)

Other comprehensive income for the year decreased from ₹ (561) lakhs in Fiscal 2019 to ₹ (978) lakhs in Fiscal 2020.

Total comprehensive income for the year attributable to Owners of the Company

As a result of the foregoing, we recorded an increase of 19.35% in total comprehensive income for the year attributable to owners of the Company for the year from ₹6,548 lakhs in Fiscal 2019 to ₹7,815 lakhs in Fiscal 2020.

Total comprehensive income for the year attributable to Non controlling interests

As a result of the foregoing, we recorded an decrease of 54.62 % in total comprehensive income for the year attributable to Non controlling interests for the year from ₹238 lakhs in Fiscal 2019 to ₹108 lakhs in Fiscal 2020.

Total comprehensive income for the year

As a result of the foregoing, our total comprehensive income for the year increased by 16.76%, from ₹6,786 lakhs in Fiscal 2019 to ₹7,923 lakhs in Fiscal 2020.

Liquidity and Capital Resources

Capital Requirements

Our principal capital requirements are for payment of principal and interest on our borrowings, capital expenditure and working capital expenditure. Our principal source of funding has been and is expected to continue to be, cash generated from our operations, supplemented by borrowings from banks and financial institutions/ raising of funds through issuance of FCCB /CCDs and optimization of operating working capital. For Fiscal 2021, Fiscal 2020 and Fiscal 2019, we met our funding requirements, principally with issuance of foreign currency convertible bonds to IFC through preferential allotment, issuance of shares of rights basis and borrowings from banks.

For the expansion project that we intend to undertake, we will be utilizing a portion of the funds generated from this Issue along with a mix of debt and internal accruals.

Liquidity

Our liquidity requirements arise principally from borrowings, lease liabilities, capital creditors, security deposits among others. Historically, our principal sources of funding have included cash from operations, short- and long-term borrowings from banks, overdraft facilities that are repayable on demand, cash and cash equivalents and equity and financing provided by our shareholders. We have also entered into various banking facilities and other working capital facilities, which provides sufficient liquidity for our requirements.

Cash Flows

The following table summarizes our consolidated cash flows for Fiscal 2021, Fiscal 2020 and Fiscal 2019:

(₹ in lakhs)

Particulars	**For the year ended March 31**		
	2021	**2020**	**2019**
Cash flow from Operating Activities			
Cash generated from operations before working capital changes	99,122	52,680	48,384
Cash generated from operations	1,42,043	59,538	134,103
Net cash generated from operating activities	1,24,750	57,827	131,001
Net Cash (Used in) Investing Activities	(62,392)	(15,578)	(57,567)
Net Cash from (Used in) Financing Activities	(61,307)	(35,379)	(73,744)
Net Increase / (Decrease) in Cash and Cash Equivalents	**1,051**	**6,870**	**(310)**
Cash and cash equivalents pertaining to business combination	-	13	-
Cash and Cash Equivalents at the beginning of the year	15,757	8,874	9,184
Cash and Cash Equivalents at the end of the year	**16,808**	**15,757**	**8,874**
Reconciliation of cash and cash equivalents as per the Cash flow statement			
Cash and cash equivalents at end of the year	16,959	15,757	8,874
Bank overdraft	(151)	-	-
	16,808	**15,757**	**8,874**

Cash flows generated from operating activities

We generated ₹ 124,750 lakhs net cash from operating activities during Fiscal 2021 as compared to ₹ 57,827 lakhs in Fiscal 2020. The cash generated from operating profit before working capital changes in Fiscal 2021 was ₹99,122 lakhs and Fiscal 2020 was ₹ 52,680 lakhs, respectively. Cash generated from operations in Fiscal 2021 was substantially higher than the previous fiscal year primarily due to substantial increase in cash profit generated by the Company.

We generated ₹ 57,827 lakhs net cash from operating activities during Fiscal 2020 as compared to ₹ 1,31,001 lakhs in Fiscal 2019. The cash generated from operating profit before working capital changes in Fiscal 2020 was ₹ 52,680 lakhs against ₹48,384 lakhs during Fiscal 2019. Cash generated from operations in Fiscal 2020 was substantially higher than the previous fiscal year primarily due to higher cash profit in FY 2020 as compared to FY 2019

Cash flows used in investing activities

Net cash used in investing activities was ₹ (62,392) lakhs in Fiscal 2021, primarily used for acquisition of property plant & equipment and investment in Mutual Funds.

Net cash used in investing activities was ₹ (15,578) lakhs in Fiscal 2020, as compared to ₹(57,567) lakhs in Fiscal 2019. Net cash used in investing activities in Fiscal 2020 was lower than in Fiscal 2019, primarily due to increased acquisition of property, plant & equipment in Fiscal 2019.

Cash flows generated from / (used in) financing activities

Net cash generated from financing activities in Fiscal 2021 amounted to ₹(61,307) lakhs, primarily consists of repayment of current borrowings.

Net cash used in financing activities in Fiscal 2020 was ₹(35,379) lakhs, primarily due to repayment of current borrowings and proceeds from issuance of FCCB and CCD.

Net cash generated from financing activities in Fiscal 2019 amounted to ₹(73,744) lakhs, primarily due to repayment of current borrowing, proceeds from non-current borrowing and payment of finance cost.

Capital Expenditure

The following table summarizes our capital expenditure for Fiscal 2021, Fiscal 2020 and Fiscal 2019:

(₹ in lakhs)

Particulars	As at March 31		
	2021	2020	2019
Tangible Assets (Additions)	10,560	64,274	19,165
Intangible Assets (Additions)	187	1,796	165
Capital work in Progress (net additions)	30,634	(6,066)	71,638
Intangible asset under development (Net addition)	296	-	-
Total Capital Expenditure	41,677	60,004	90,968

Contingent Liabilities

Contingent liabilities and claims against us, to the extent not provided for, as at March 31, 2021, 2020 and 2019, as determined in accordance with Ind AS 37, are described below.

(₹ in lakhs)

Contingent liabilities	As at March 31,		
	2021	2020	2019
Claims by suppliers not acknowledged as debts	14,519	37,645	16,606
Income Tax Demands[#]	7,295	7,244	7,514
Excise/Service Tax/Custom Demands[##]	5,320	4,798	5,694
Sales Tax/ VAT Demands	11,979	6,589	6,608
Local Body Tax	2,176	2,176	1,193
Penalty on Entry Tax	1,551	1,551	1,551
Total	**42,840**	**60,003**	**39,166**

[#] *A Search and Seizure Operation was conducted by the Income Tax Department during the period from November 15, 2018 to November 21, 2018 under Section 132 and 133A of the Income Tax Act, 1961. During the current year, the Holding Company and Subsidiary Company received notices under Section 153A of the Income Tax Act, 1961 and have filed revised Income tax returns for Assessment Years 2013-2014 to 2018-2019 in response to the notices. The Company and Subsidiary Company have also not till date received any demand notices in relation to the Search and Seizure. The Group is of the view that the Operation will not have any significant impact on the Group's financial position and performance as at and for the year ended 31 March 2020 and hence no provision has been recognised as at 31 March 2020.*

[##]*includes ₹ 1,881 Lakhs (31 March 2020 : ₹ 1,881 Lakhs) which pertains to service tax liabilities*

Financial Indebtedness

The following table sets forth our secured and unsecured debt position (on a consolidated basis) as at June 30, 2021

(₹ in lakhs)

Indebtedness	As at June 30, 2021
Current Borrowings	
- Secured Borrowings	10,847
- Unsecured Borrowing	-
Non- Current Borrowings	
- Secured Borrowings	2,22,854
- Unsecured Borrowing	-
Current maturities of Non-Current borrowings	
- Secured Borrowings	12,308
- Unsecured Borrowing	-
Total Indebtedness (A)	2,46,009

Quantitative and Qualitative Disclosures about Market Risk

Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Company are principally denominated in rupees and US dollars with a mix of fixed and floating rates of interest. The Company has exposure to interest rate risk, arising principally on changes in base lending rate and LIBOR rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

Currency Risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the functional currency of the Company. The currencies in which the Company is exposed to risk are USD, AED and EUR. The Company follows a natural hedge driven currency risk mitigation policy to the extent possible. Any residual risk is evaluated and appropriate risk mitigating steps are taken, including but not limited to, entering into forward contracts.

Sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for floating rate liabilities assuming the amount of the liability outstanding at the year-end was outstanding for the whole year. If interest rates had been 50 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended 31 March 2021 before tax would decrease / increase by ₹ 382 lakhs (for the year ended 31 March 2020: decrease / increase by ₹ 304 lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to manage liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's treasury department is responsible for managing the short term and long term liquidity requirements. Short term liquidity situation is reviewed periodically by treasury. Longer term liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation.

Commodity Price Risk

The company is exposed to commodity price risk because the prices of its purchase of Propylene vary as a result of fluctuations of the natural gas liquid. So, the company has used option contract to hedge its commodity i.e natural gas liquid. This natural gas liquid consists of propane and Butane which is formula linked to the prices of propylene. For Hedges of this commodity purchases, the company entered into a Hedge relationships where the critical terms of the Hedging instrument match exactly with the terms of the Hedge item. The company therefore performs a qualitative assessment of effectiveness. There was no ineffectiveness during financial year ended March 31, 2021 in relation to commodity rate hedge. The company has not entered into any Cash flow Hedge contracts during financial year 2019-20.

Interest Coverage Ratio

The interest coverage ratio (which we define as cash profit after tax plus finance cost divided by finance cost for the year) for Fiscal 2021, Fiscal 2020, and Fiscal 2019 on a consolidated basis is given below:

(₹ in lakhs, except Interest Coverage Ratio)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2021
Profit after tax (A)	7,347	8,901	40,644
Depreciation and amortisation expense (B)	17,146	21,353	21,195
Non-cash adjustments (C)			
Provision for doubtful debts	175	801	2,474
Provision for doubtful advances, loans and other receivables	-	-	052
Changes in fair value of financial assets at FVTPL	(145)	089	048
Provision for stores and spares	-	303	(028)
Provision for CWIP	-	575	1015
Unrealised gain/loss on derivative contracts	-	908	(788)
Unrealised foreign exchange fluctuation gain/loss	134	1,504	(919)
Sub Total (C)	164	4,180	1,854
Cash profit after tax (D = A+B+C)	24,657	34,434	63,693
Finance cost (E)	22,933	24,293	18,771
Cash profit after tax plus finance cost (F=D+E)	47,590	58,727	82,464
Interest Coverage Ratio (on a consolidated basis) (G=F/E)	**2.07**	**2.42**	**4.39**

Our higher interest coverage ratio in Fiscal 2021, when compared to Fiscal 2020, was primarily due to substantial increase in cash profit available to the Company. Our relatively low interest coverage ratio in Fiscal 2020, when compared to Fiscal 2019, was primarily attributable to higher finance cost.

Reservations, Qualifications and Adverse Remarks Included In Financial Statements

There are no reservations, qualifications or adverse remarks of our statutory auditors in their respective reports on our audited financial statements for the last five Fiscals preceding the date of this Placement Document, except as follows:

Financial year ended	Reservation, qualification, emphasis of matter or adverse remark	Impact on the financial statements and financial position of the Company	Current status/ Corrective steps taken and /or proposed to be taken by the Company*
March 31, 2017	Auditors in their audit report have stated that: **Emphasis of matter** We draw attention to Note no. 42, 43 and 44 to the Consolidated audited Ind AS financial statements which describe the uncertainties related to the outcome of supply of natural gas, related matters and claims by a vendor. Our opinion is not qualified in respect of these matters.	None	**Gas Supply matter:** Courts order passed in favour of the Company to restore the supply of Pooled natural gas, which is yet to be restored. **Release of Bank Guarantee:** The Hon'ble Delhi High court vide its order dated 3/12/2020, asked the Department of Fertilisers (DoF) to release the bank guarantee taken against the remittance of subsidy amount. Consequent to the order, the DoF had released the bank guarantee to the Company. **GAIL Claim:** Claims by GAIL were divided into two parts by the Company while challenging the arbitration. Claim under Gas Sales and Transportation Agreement of 2006 is non-arbitrable. Similarly, the claim made by GAIL for the period 01/01/2011-16/09/2013 are barred by limitation. Accepting Company's stand, the Arbitration Tribunal has rejected the claim of GAIL vide order dated 05/09/2017 (for claim under 2006 Agreement) and 13/12/2017 (for total claim). Thereafter GAIL filed Arbitration Appeal (COMM) NO. 3/2018 Challenging the Tribunal order dated 05/09/2017 and Original Miscellaneous petition, OMP (COMM.) No. 31/2018 before Hon'ble Delhi High Court, Hon'ble Delhi High Court dismissed both the appeals vide its order dated 20/12/2018 and upheld the order of the Arbitrator passed in favour of the Company. However, GAIL has filed a Special Leave petition before

			the Hon'ble Supreme Court against dismissal of Arbitration Appeal (COMM.) 3/2018. GAIL also filed an appeal before Divisional bench of Hon'ble Delhi High Court against dismission of OMP (COMM.) No 31/2018, currently, both the petitions are pending for adjudication.
March 31, 2018	Auditors in their audit report have stated that: **Emphasis of matter** 1. Corresponding figures for the year ended March 31, 2017, were audited by the predecessor auditor who had expressed an unmodified opinion on those Consolidated Ind AS financial statements vide their report dated June 30, 2017. We draw attention to note 39 of the Consolidated Ind AS financial statements, which more fully explains that the comparative information for the year ended March 31, 2017, has been restated in the special purpose financial statements audited by the predecessor auditors, whose audit report dated May 29, 2018 expressed an unmodified audit opinion on such special purpose financial statements. Our opinion is not modified in respect of this matter. 2. We draw attention to the following notes to the Consolidated Ind AS financial statements: • note 45 which more fully explains that the Department of Fertilisers has released the fertiliser subsidy of Rs. 310 crores based on issue of bank guarantee of an equivalent amount and • note 46 which more fully explains that GAIL, a vendor, has claimed an amount of Rs. 357 crores in respect of supply of gas for manufacture of products other than urea. Our opinion is not modified in respect of this matters.	None	1. Not Applicable **2. Release of Bank Guarantee:** The Hon'ble Delhi High court vide its order dated 3/12/2020, asked the Department of Fertilisers (DoF) to release the bank guarantee taken against the remittance of subsidy amount. Consequent to the order, the DoF had released the bank guarantee to the Company. **GAIL Claim:** Claims by GAIL were divided into two parts by the Company while challenging the arbitration. Claim under Gas Sales and Transportation Agreement of 2006 is non-arbitrable. Similarly, the claim made by GAIL for the period 01/01/2011-16/09/2013 are barred by limitation. Accepting Company's stand, the Arbitration Tribunal has rejected the claim of GAIL vide order dated 05/09/2017 (for claim under 2006 Agreement) and 13/12/2017 (for total claim). Thereafter GAIL filed Arbitration Appeal (COMM) NO. 3/2018 Challenging the Tribunal order dated 05/09/2017 and Original Miscellaneous petition, OMP (COMM.) No. 31/2018 before Hon'ble Delhi High Court, Hon'ble Delhi High Court dismissed both the appeals vide its order dated 20/12/2018 and upheld the order of the Arbitrator passed in favour of the Company. However, GAIL has filed a Special Leave petition before the Hon'ble Supreme Court against dismissal of Arbitration Appeal (COMM.) 3/2018.

			GAIL also filed an appeal before Divisional bench of Hon'ble Delhi High Court against dismission of OMP (COMM.) No 31/2018, currently, both the petitions are pending for adjudication.
March 31, 2019	Auditors in their audit report have stated that: **Emphasis of matter** 1. We draw attention to Note 47 to the consolidated financial statements, relating to managerial remuneration paid/ accrued by the Holding Company for the financial year ended 31 March 2019 which exceeds the limits prescribed under Section 197 of the Companies Act, 2013 by Rs. 249 Lakhs, and hence, is subject to the approval of the shareholders in the General Meeting. Our opinion is not modified in respect of this matter. 2. We draw attention to Note 46 to the consolidated financial statements which more fully explains that the Department of Fertilisers has released the fertiliser subsidy of Rs. 31,052 Lakhs based on issue of bank guarantee of an equivalent amount.	None	1. **Managerial Remuneration:** Approval of shareholders has been obtained by passing Special resolution in the General Meeting for approval of excess remuneration paid to the Managing Director as required under Section 197 read with Schedule V of the Companies Act, 2013. **Release of Bank Guarantee:** The Hon'ble Delhi High court vide its order dated 3/12/2020, asked the Department of Fertilisers (DoF) to release the bank guarantee taken against the remittance of subsidy amount. Consequent to the order, the DoF had released the bank guarantee to the Company.
March 31, 2020	Auditors in their audit report have stated that: **Emphasis of matter** 1. We draw attention to Note 45 to the consolidated financial statements which more fully explains that the Department of Fertilisers has released the fertiliser subsidy of Rs. 31,052 Lakhs based on issue of bank guarantee of an equivalent amount. 2. Note 47 to the consolidated financial statements which describes that a Search was carried out by the Income Tax Department on the Holding Company and a Subsidiary Company in November 2018. Pursuant to notice received in the last quarter of the year 2019-20, the Holding Company and a Subsidiary Company has filed revised tax returns for Assessment Years 2013-2014 to 2018-2019. The Holding Company's Management does not expect any additional liability to devolve on the Group and no provision has been recognised as at March 31, 2020. Though the Holding Company and the Subsidiary Company have not received any demand notices till date, the uncertainty in the matter remains till the proceedings are concluded. Our opinion is not modified in respect of this matters. **Other Reporting:** 1. We draw attention to note 46 to the consolidated financial statements for the year	None	**Release of Bank Guarantee:** The Hon'ble Delhi High court vide its order dated 3/12/2020, asked the Department of Fertilisers (DoF) to release the bank guarantee taken against the remittance of subsidy amount. Consequent to the order, the DoF had released the bank guarantee to the Company. **Search Notice Status:** a) The Holding Company has received assessment and demand orders for AY 2013-14, 2014-15 and 2015-16. The company has filed rectification requests against these demands. The Assessing officer has made certain disallowances, which in the opinion of the management based on advice of the independent tax consultants, are legally defendable. For other years, assessment orders are awaited. (b) The Subsidiary company, Smartchem Technologies Limited (STL) filed the application with the Income Tax Settlement Commission (ITSC)

	ended 31 March 2020 according to which the managerial remuneration paid/ accrued to the Managing Director of the Holding Company (amounting to Rs. 389.21 Lakhs) exceeds the prescribed limits under section 197 read with Schedule V of the Companies Act, 2013 by Rs. 264.77 Lakhs. As per the provisions of the Act, the excess remuneration is subject to approval of the shareholders which the Holding Company proposes to obtain in the forthcoming.		in the financial year 2020-21 to avoid protracted and expensive litigation. Following the abolition of the Income Tax Settlement Commission (ITSC) by the Finance Act, 2021, STL has withdrawn the said application on 30 July 2021. Accordingly, all pending proceedings shall be disposed-off by the Income Tax Department in accordance with the provisions of the Income Tax Act, 1961. **Other Reporting:** 1. Approval of shareholders has been obtained by passing Special resolution in the General Meeting for approval of excess remuneration paid to the Managing Director as required under Section 197 read with Schedule V of the Companies Act, 2013.
March 31, 2021	Auditors in their audit report have stated that: **Emphasis of matter** We draw attention to note 47 to the Consolidated Financial Statements which describes that a Search Operation was carried out by the Income Tax Department on the Holding Company and a Subsidiary in November 2018. Pursuant to notices received in the last quarter of the year 2019-20, the Holding Company and its Subsidiary have filed revised tax returns for Assessment Years 2013-14 to 2018-19. A. The Holding Company's Management does not expect any significant additional liability to devolve on the Holding Company and no provision has been recognised as of March 31, 2021. Though the Holding Company has not received any demand and notices till date, the uncertainty in the matter remains till the proceedings are concluded. B. During the year, the Subsidiary Company has filed an application with the Income Tax Settlement Commission (ITSC) for the earlier years to conclude the final assessment for these years and offered additional income in its application filed with ITSC and paid tax and interest thereon. The amount of income tax and interest so paid has been provided for in its financial statements. Our opinion is not modified in respect of this matters.	None	**Search Notice Status:** (a) The Holding Company has received assessment and demand orders for AY 2013-14, 2014-15 and 2015-16. The company has filed rectification requests against these demands. The Assessing officer has made certain disallowances, which in the opinion of the management based on advice of the independent tax consultants, are legally defendable. For other years, assessment orders are awaited. (b) The Subsidiary company, Smartchem Technologies Limited (STL) filed the application with the Income Tax Settlement Commission (ITSC) in the financial year 2020-21 to avoid protracted and expensive litigation. Following the abolition of the Income Tax Settlement Commission (ITSC) by the Finance Act, 2021, STL has withdrawn the said application on 30 July 2021. Accordingly, all pending proceedings shall be disposed-off by the Income Tax Department in accordance with the provisions of the Income Tax Act, 1961.

Significant Developments after March 31, 2021

No material developments have arisen since the date of the last audited financial statements as disclosed in this Placement Document that could materially and adversely affect or are likely to affect materially and adversely:

(a) the trading, operations or profitability of our Company, or
(b) the value of the assets of our Company, or
(c) our Company's ability to pay its material liabilities within the next 12 months.

INDUSTRY OVERVIEW

*Unless noted otherwise, the information in this section is sourced from the report titled "Research Report on Chemicals and Fertilizer Industry in India" dated October, 2021 (the "**CARE Report**"), prepared and issued by CARE as well as other publicly available industry sources and government publications.The third party and industry related information in this section has not been prepared or independently verified by the Company, the Book Running Lead Manager or any of their affiliates or advisers. Data in this section may have been re-classified by us for the purposes of presentation. The accuracy and completeness of the industry sources and publications referred to by us, and the underlying assumptions on which such sources and publications are based, are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Further, statements in this section that are not statements of historical fact constitute "forward - looking statements". Such forward-looking statements are subject to various risks, assumptions and uncertainties and certain factors could cause actual results to materially differ. Accordingly, prospective investors should not base their investment decision, or otherwise place undue reliance, on this information.*

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Global Economy

The world economy contracted by -3.3% in CY2020 owing to the global outbreak of Covid-19. However, it is expected to grow by 6% in CY2021 and moderate to a growth rate of 4.4% in CY2022 on the back of vaccination inoculation drive and resumption of economic activities as pandemic induced restrictions are eased across the globe.

The growth forecast for the advanced economies has been marked up by IMF from its April 2021 projections on the back of the pace of the vaccine rollouts and additional fiscal support. Amongst the advanced economies, United States is projected to grow by 7% in CY21 and moderate to a growth of 4.9% in CY2022. Meanwhile, the projections for Japan has been downgraded due to strict restrictions in first half of CY2021 and is expected to see stronger recovery in the second half of CY2021.

Emerging market and developing economies are estimated to grow by 6.3% in CY2021 after contracting by -2.1% in CY2020. It is projected to decline to 5.2% in CY2022.The projections for emerging market and developing economies were downgraded by IMF from its April 2021 estimates primarily due to markdowns carried out in the emerging Asian economies group. Within this group, India was marked down on account surge in Covid-19 cases during March-May 2021. Similarly, the ASEAN-5 group is also witnessing rise in cases which is in turn impacting the pace of economic recovery. China's forecast was downgraded too due to scaling back of overall government support. Meanwhile, growth projections for other regions in general in the emerging market and developing economies have been marked up depending on the vaccine rollouts and government policy support which in turn has led to stronger than expected recovery in Q1CY2021.

IMF highlighted in its report that the economic recovery is highly dependent on vaccine access across regions, hence economies will witness diverging recovery rates which may not remain steady as long as people are exposed to the virus and its emerging variants. Close to 40% of the population is vaccinated in the advanced economies while only around 10% of the population is vaccinated in the emerging market and developing economies and only a tiny proportion of population is vaccinated in low income group. Hence, the economic growth projections are dependent on several factors such as access to vaccine, pace of its rollout, its ability to fight emerging variants of the virus and the fiscal and monetary support provided by the governments.

Indian Economy

CARE Ratings Economics Research projects GDP growth to be in the range of 8.8% to 9% for FY22. The growth rate should be viewed with caution as it is followed by a -7.3% decline in FY21.

The economic outlook for the economy for FY22 would seem to look better on almost all counts than FY21 due to negative base effect. The pandemic induced lockdown pushed the growth down to -7.3% in FY21. It was expected that subsequently growth would be rapid in FY22 with both the negative base effect as well as the pent-up demand for consumption and investment helping to accelerate the growth. However, the advent of the second wave of Covid-19 in the beginning of the current financial year which led to state induced lockdowns has upended this assumption to an extent.

Business, as seen ex post, has been better equipped to face the lockdown and while activity did reduce across the country as well as sectors, the impact was less severe. The reverse migration which took place in large numbers last year was of a lower magnitude this time. SMEs were again under pressure in this phase, but as they were operating at less than normal potential, they were not pushed back that severely. Therefore, while the projections made by CARE Ratings Economics Research have come down significantly from March as can be seen from below, the drop is less damaging this time.

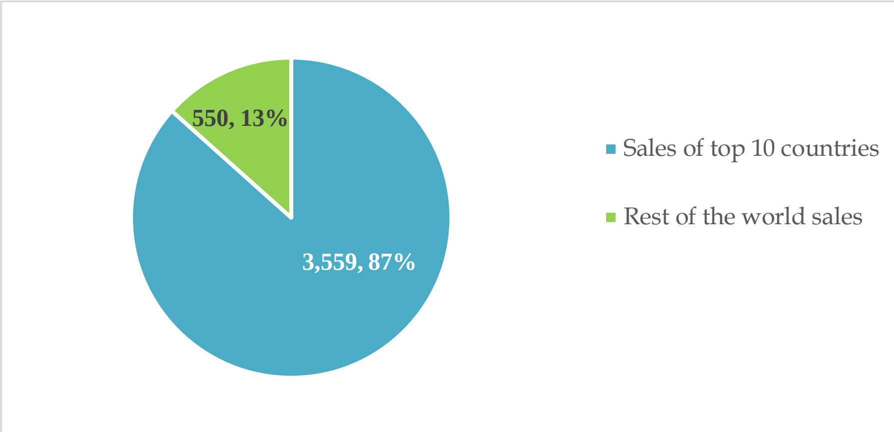
Movement in CARE Ratings Economics Research forecasts for GDP growth (in %)

Date of forecast	GDP growth
2020-21 (Actual)	-8.0
2021-22: 24 March'21	11-11.2
2021-22: 5 April'21	**10.7**
2021-22: 21 April'21	10.2
2021-22: 12 May' 21	**9.2**

Global overview on chemicals industry

The importance of chemical industry has resulted in proliferation of chemicals across the globe with the industry sales being led by a handful of countries. Of USD 4,109 billion sales reported by the global chemicals industry during 2019, sales from 10 countries accounted for a significant share of 87% representing USD 3,559 billion of sales during the year. Sales from rest of the world contributed to 13% of the total sales in 2019. The global chemical sales are estimated to grow at a CAGR of around 1% over the medium term and are expected to reach around USD 4,200 billion by 2021 and around USD 4,350 billion by 2025.

Share of top 10 countries by chemical sales in global sales in 2019 (USD billion)

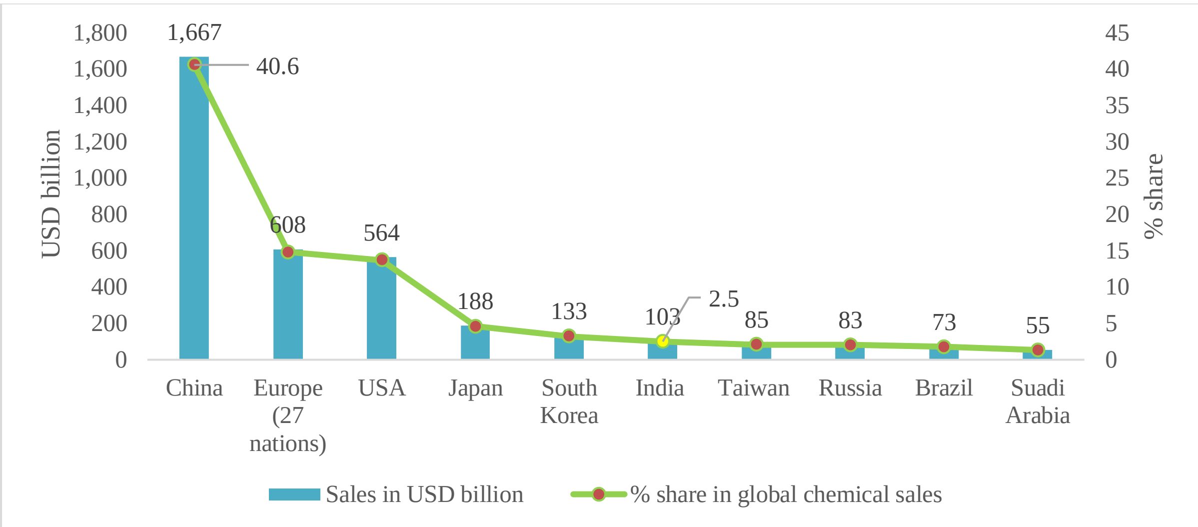


Source: CEFIC

Among the top 10 countries by chemical sales, China dominates the world chemical sales (USD 1,667 billion) with a lion's share of 40.6%. This was followed by Europe (27 nations), USA, Japan and South Korea with a share of 14.8% (USD 608 billion), 13.7% (USD 564 billion), 4.6% (USD 188 billion) and 3.2% (USD 133 billion), respectively, in 2019 sales.

India ranked sixth in terms of global chemical sales with a contribution of USD 103 billion and accounted for a share of 2.5% during the year. The other nations that formed part of the top 10 countries in global chemical sales were Taiwan, Russia, Brazil and Saudi Arabia with a share of 2.1%, 2%, 1.8% and 1.3%, respectively. Details on the top 10 countries are depicted in Chart below.

Top 10 countries by chemical sales and their respective percentage share in global sales in 2019



Source: CEFIC

The significant share of China in world chemical sales is backed by its average chemicals production growth rate per annum. China's average chemical production increased at a rate of 9.3% over the 10 year period 2009-2019 which is fastest among the countries mentioned in Chart below.

The average chemical production growth rate for India is 2.5% for the 10 year duration which is low compared to the output rates of China, Russia and South Korea. India's average chemical production however grew faster compared to that of Japan (1.5%), Europe (27 nations) (1.4%), USA (1.3%), Brazil (0.4%) and Mexico (-1.4%) during the 10 period 2009-2019. This chart also highlights that emerging countries outpaced industrial economies in chemicals production as per CEFIC.

Overview on Indian chemicals industry

The Indian chemicals industry is widely diversified to include more than 80,000 commercial products. This includes basic chemicals and its products, petrochemicals, fertilizers, paints, varnishes, gases, soaps, perfumes and toiletry and pharmaceuticals. The industry plays a vital role in developing the way of life and meeting basic and other needs. Chemicals industry is significantly important for agricultural and industrial development of India. The industry serves as building blocks for several downstream industries, such as textiles, papers, paints, varnishes, soaps, detergents, pharmaceuticals, etc.

According to the Department of Chemicals and Petrochemicals, chemical and chemical products sector, excluding pharmaceuticals (Industry Division 20 of NIC 2008), accounted for 1.4% of the Gross Value Added (GVA) for all economic activities in 2018-19. The share of GVA in the manufacturing sector during 2018-19 is about 8.75%. GVA of chemical Sector has grown with CAGR of 13.5% during the period 2013-14 to 2018-19. The size of the Indian chemical industry, excluding pharmaceuticals (Industry Division 20 of NIC 2008), in terms of value of output in the year 2018-19 was ₹ 8,28,356- crores and it is 7.3% of value of output of manufacturing Sector. As per the data of 6 years, from 2013-14 to 2018-19, real growth rate in output of chemical Industry excluding pharmaceuticals Industry (i.e. Industry Division 20) is 8.20%.

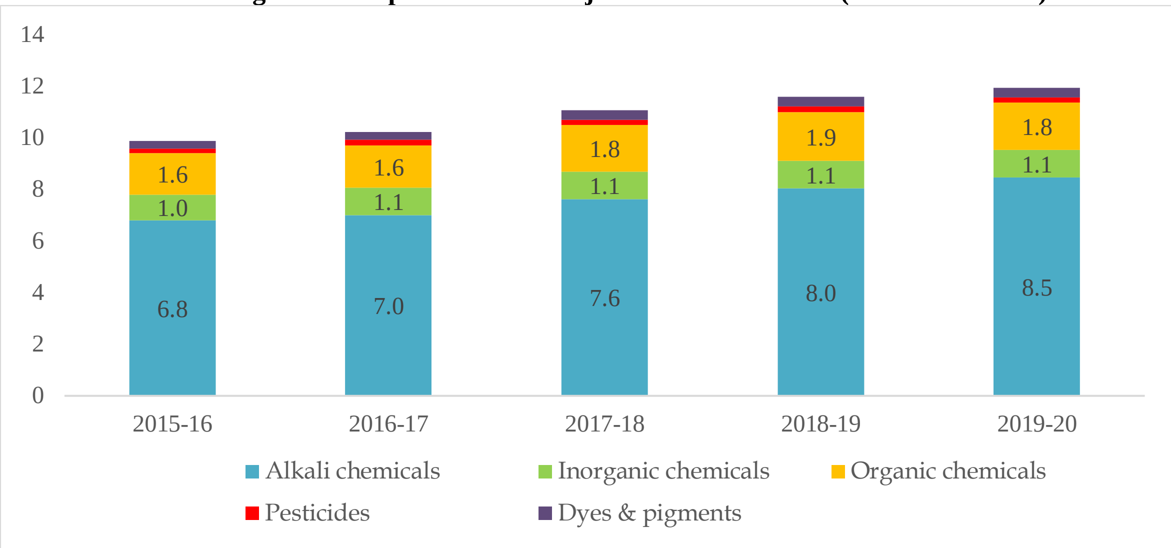
In terms of trade as per the Department of Chemicals and Petrochemicals, India ranks 11th in the world exports of chemicals (excluding pharmaceutical products) and ranks 6th in the world imports of chemicals (excluding pharmaceutical products). India's export of chemicals (excluding pharmaceutical products) was USD 40.4 billion in 2019. India's share in world exports of chemicals (excluding pharmaceutical products) was 2.5% in 2019. India's import of chemicals (excluding pharmaceutical products) was 59.99 USD billion in 2019. India's share in world imports of chemicals (excluding pharmaceutical products) was 3.7% in 2019.

Production trend of major chemicals in India

The production of major chemicals in India on an aggregate basis grew at a CAGR of 4.8% from 9.9 million tonnes in 2015-16 to 11.9 million tonnes in 2019-20. The rise in output is mainly backed by 5.6% CAGR in production of alkali chemicals (the largest segment accounting for about 70% of the total major chemical output in 2019-20) as mentioned in Table 1. Another segments organic chemicals and inorganic chemicals contributing respective 15.4% and 8.9% in the aggregate major chemicals production increased at a CAGR of 3.8% and 1.5%, respectively. While dyes and pigments segment accounting for 3.2% in total major chemical output rose by a fastest 6%, pesticides segment having the smallest share of 1.6% grew by a marginal CAGR of 0.6% during the period 2015-16 to 2019-20.

It is to be noted that the total installed production capacity of major chemicals has increased from 13 million tonnes in 2015-16 to 15.1 million tonnes in 2019-20, registering a CAGR of 3.8%. The capacity utilisation that was 76% in 2015-16 touched the rate of 82% in 2018-19 after remaining constant at 76% in 2016-17and increasing to 79% in 2017-18. The capacity utilisation rate however dropped to 79% during the year 2019-20.
**Major Chemicals illustrated in this chapter are as per Department of Chemicals and Petrochemicals and do not include industrial chemical like ammonia, Nitric acid and IPA.*

Segment-wise production of major chemicals in India (in million tonnes)

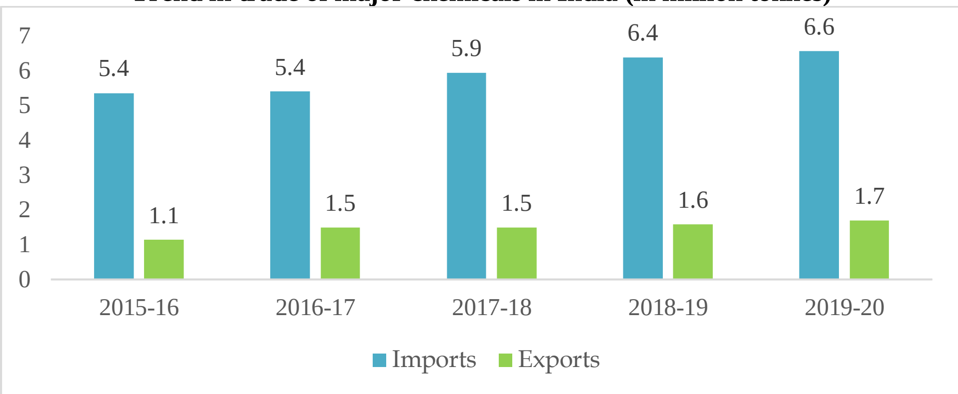


Source: Department of Chemicals and Petrochemicals

Trend in trade of major chemicals in India

India continued to remain net importer of major chemicals as shown in Chart below.

Trend in trade of major chemicals in India (in million tonnes)



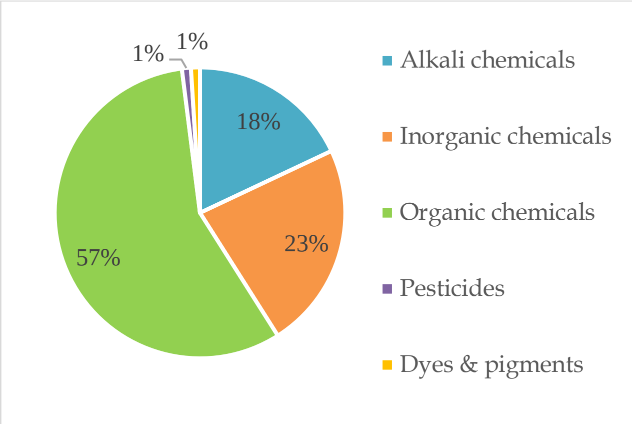
Source: Department of Chemicals and Petrochemicals

While the imports of major chemicals grew at a CAGR of 5.2%, exports of major chemicals increased by a faster 10.5%. The gap between India's major chemical exports and imports indicates the country's significant dependence on inbound shipments.

Segment-wise percentage share of major chemicals in India's trade

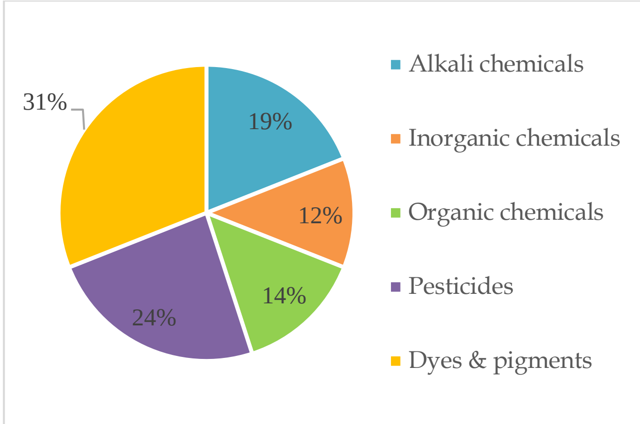
Imports: India relies heavily on imports of organic chemicals as can be seen in Chart below as it accounted for a major share of 57% in overall major chemical imports during 2019-20. This was followed by 23% and 18% share of imports of inorganic chemicals and alkali chemicals, respectively. Higher proportion of alkali chemicals in total production is believed to have resulted in lower share of alkali chemicals in total imports. Imports of pesticides and dyes & pigments each accounted for 1% of the overall major chemical imports in 2019-20.

Segment-wise share of major chemicals in imports during 2019-20



Source: Department of Chemicals and Petrochemicals

Segment-wise share of major chemicals in exports during 2019-20



Source: Department of Chemicals and Petrochemicals

Exports: Dyes & pigments and pesticides segments accounted for a significant share of 31% and 24%, respectively, in total exports of major chemicals during 2019-20. It is noteworthy to mention that the high share of these segments in overall exports is despite their small contribution in total major chemical production. The export share of alkali chemicals, inorganic chemicals and organic chemicals ranged between 12%-19% in 2019-20.

Segment-wise growth drivers

Chemicals form the foundation for manufacturing a wide range of products including textiles, paper, pharmaceutical products, plastics, synthetic rubber to agro chemicals. The specific factors driving growth of end-user sectors is set to drive and keep the demand up for the overall industry. Factors such as low per capita consumption including agrochemicals, likely growth in demand from paints, textiles and diversified manufacturing base would act as key drivers for the growth of the industry. The key end-user sectors driving growth include:

a. **Consumer Product Manufacturers:** Chemicals are used in the manufacture of a wide range of consumer products ranging from cosmetics, body care, hair care, and home care products. Expected growth in higher disposable income and change in lifestyle will support demand for these consumer products thus auguring well for the growth of chemicals industry.

b. **Fertilizer Manufacturers:** Some inorganic chemicals like ammonia, sulphuric acid, and phosphorus are widely used in fertilizer manufacturing. Since the Green Revolution, fertilizer consumption has picked up due to a combination of socio-economic factors like higher subsidies by government, increased affordability of farmers and wider availability. Growth in horticultural produce since the last few years have also increased the demand for NPK and water-soluble fertilizers. NPK fertilizers include elements nitrogen (N), phosphorus (P) and potassium (K).

c. **Pesticide Manufacturers:** Increased awareness about advantages of using pesticides, growth in the number of farmers able to afford pesticides and growth in access has helped push demand for pesticides in the country. In addition, India has emerged as major manufacturing hub for pesticides due to its low cost advantage, building up exports contribution as well.

d. **Glass Manufacturers:** Indian market for glass products has increased steadily on the back of higher demand for automobiles, commercial and residential space, as well as for rigid packaging products.

e. **Manufacturers of Soaps & Detergents:** Increased awareness in personal detergents, higher disposable income, increase in consumption of consumer products and wider access to consumer products due to the growth in retail sector has resulted in higher consumption of soaps & detergents. Consequently demand for soda ash from soap & detergent manufacturers have gone up.

f. Manufacturers of Paper & Pulp Manufacturers: Globally paper & pulp industry is the largest consumer of caustic soda. Consumption scenario is similar in India too where paper industry is one of the largest consumers of caustic soda. Demand for paper is expected to grow in the coming years which, in turn, would keep the demand for caustic soda high.

g. Aluminium Manufacturers: India is one of the largest aluminium producers in the world. Consequently, aluminium manufacturers have emerged as a key consumer group of caustic soda in the country.

h. Miscellaneous Industrial Applications: Caustic soda is also used in a myriad of industrial applications such as food processing, manufacturing of rayon, bleaching agent in textiles, water treatment, rubber recycling, and synthesis of certain pharmaceutical compounds. An upward tick in these user industries will drive the usage of chemicals.

Apart from these specific sectors driving demand, certain macro socio-economic factors have been aiding the growth of chemicals industry which is summarized below:

- Per capita consumption of most of the chemicals is much lower than global average, thus, it is expected that the demand growth will be primarily driven by domestic consumption, backed by strong sentiments among key end-user industries as discussed above.
- Domestic demand is further strengthened by higher discretionary spending by the newly emerged affluent middle class. The increased focus on lifestyle, hygiene, asset creation, health infrastructure access etc. is likely to keep the demand up from the consumer end.
- Rising disposable income, median age of population, urbanisation and growing penetration and demand from rural markets.
- Shift in international markets towards Asia as the world's chemicals manufacturing hub.

Regulations governing the industry

In chemicals sector, 100% Foreign Direct Investment (FDI) in India is allowed under the automatic route (except in the case of certain hazardous chemicals). Manufacture of most chemical products, inter-alia, covering organic / inorganic, dyestuffs & pesticides is de-licensed. The entrepreneurs need to submit only Industries Entrepreneur Memorandum (IEM) with the Department of Industrial Policy & Promotion provided location of the project falls outside standard urban area limits of metropolitan cities and municipal cities. Only the following items are covered in the compulsory licensing list because of their hazardous nature as required by international conventions.

- Hydrocyanic acid & its derivatives
- Phosgene & its derivatives
- lsocynates & di-isocynates of hydrocarbons

Draft Chemicals (Management & Safety) Rules

In August 2020, India released the fifth draft of Chemicals (Management & Safety) Rules. The draft rules come up with a new Registration, Evaluation, Authorisation and Restriction of chemicals (REACH) model like that of EU-REACH, Korea-REACH among others. These rules shall come into force on the date of their publication in the Official Gazette.

These rules are covered under the following 6 chapters:

1. Definitions, objectives and scope
2. Committees and Chemical Regulatory Division
3. Notification, registration, and restrictions on use
4. Manufacture, storage and import
5. Labelling and packaging
6. Chemical accidents
7. Miscellaneous

The objectives and scope of the rules includes:

a. These rules provide for notification, registration and restrictions on use of substances, mixtures and intermediates placed in Indian territory.

b. These rules also provide for procedures for the manufacture, storage, handling and import of priority substances and preparedness and management of chemical accidents related to priority substances, as identified under these rules.

c. These rules also provide for the constitution of technical expert group to provide guidance on management of chemical accidents, specifically relating to chemical remediation, antidote identification etc, and to supplement the role of existing bodies and authorities responsible for managing chemical accidents.

d. The objective of these rules is to ensure a high level of protection to human health and the environment.

e. These rules apply to all substances, substances in mixtures and intermediates that are manufactured, imported, placed or intended to be placed in Indian territory.

f. These rules do not apply to substances in articles except when-

  i. the substance is present in the articles in quantities prescribed by the Division, where applicable, and

  ii. the substance may be released from the articles under normal or reasonably foreseeable conditions of use.

g. The following shall be exempt from the scope of these rules:

- Radioactive substances,
- Substances under customs supervision, not being placed in Indian territory,
- Substances stored in customs free zones with aim of re-exporting,
- wastes, having no commercial value,
- Substances used for the purposes of defence,
- Substances used as food or feeding stuff for human beings or animals, including human or animal nutrition,
- Substances set out in Schedule II, and
- Any other substance as the Division may notify from time to time.

Explanatory note: Where a substance used for a specific purpose is exempted under Rule 3(7), only such quantities of the substances as are being used for the said purpose, are exempted from the application of these rules. Any manufacturer, importer or downstream user using any quantities of the same substance for any other purpose will not be exempt from the application of these rules.

Analysis and outlook

Analysis

The chemicals industry has demonstrated its resilience during the Covid19 pandemic. However, for India to retain advantage and strengthen position in the global supply chain; it is imperative that:

- Government continues to focus on improving the ease of doing business in India and provides the adequate policy support by way of necessary incentives for the sector.
- Private players step up the investments towards R&D activities and towards development of local manufacturing capabilities in order to reduce their dependence on overseas markets, such as China.
- All stakeholders join hands to act responsibly and ensure that the industry continues to be cognizant of its impact on the environment be it in terms of reduction of carbon footprint, reduction of energy consumption, conservation of natural resources like water or minimisation of effluents and wastes that are discharged.

The per capita consumption of chemicals in India is much lower than the western countries, which indicates the prospects the industry has in terms of growth. In coming years, India is expected to rise as both, a manufacturing capital for valued goods and a consumer-driven economy from a broader perspective. The industry is likely to benefit from the improvement in investment climate, speedy approval of projects and proposed reform measures that would translate into higher industrial activity, and in turn higher demand for chemicals.

Several factors such as rising demand for specialty chemicals and pharmaceuticals segment, low per capita consumption including agrochemicals, likely growth in demand from paints, textiles and diversified manufacturing base are expected to drive the growth of chemicals industry.

In terms of competition, the Indian chemical industry remains behind the Asian counterparts. In order to be competitive at global level, India will have to address the key issues pertaining to inadequate infrastructure and lack of availability of low-cost feedstock for production. The industry can leverage new technologies and explore alternative feedstock options such as coal gasification, syngas, and pet coke to mitigate the issue of feedstock availability in the sector.

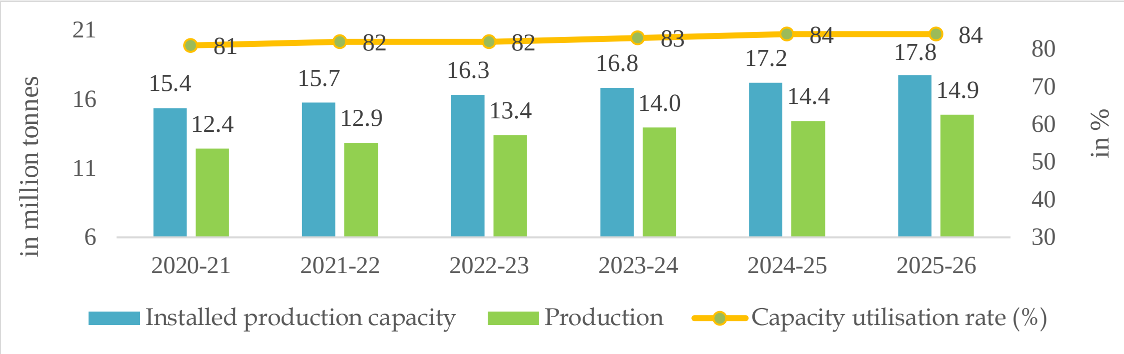
Government has included this sector as priority sector under the ambitious ‘Make in India’ initiative of the government. ‘Make in India’ has played a pivotal role in driving some of the key initiatives to stimulate growth in the chemicals industry. The government has already taken some crucial steps to create favourable conditions, in terms of polices and infrastructure, to attract global and domestic investments in the Indian chemicals industry. The results of these initiatives can be seen in the increasing interest displayed by major companies to expand their business in this sector.

Outlook estimates

Production and installed capacity estimates

The installed production capacity of major chemicals, which is estimated at 15.4 million tonnes during 2020-21, is expected to grow at a CAGR of 2.9% to reach 17.8 million tonnes during 2025-26.

Production and installed capacity estimates (in million tonnes)



Source: Department of Chemicals and Petrochemicals

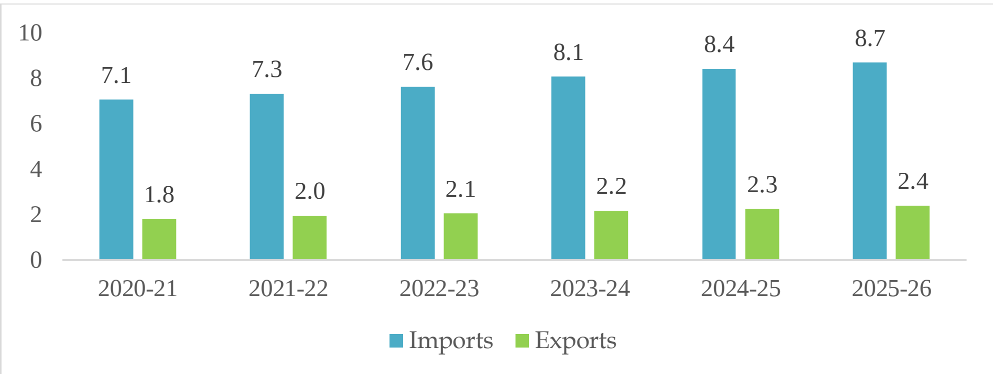
The production of major chemicals is estimated to increase at a faster CAGR of 3.7% from 12.4 million tonnes in 2020-21 to 14.9 million tonnes in 2025-26. This, in turn, is expected to augment the industry's capacity utilisation rate to 84% (2025-26) from 81% in 2020-21.

The chemical industry (including fertilizers and pharmaceuticals) in India stood at ₹ 12,95,662 crore (USD 178 billion) as of 2019 which is estimated to increase to ₹ 22,12,816 crore (USD 304 billion) by 2024-25 at an annual growth rate of 9.3% according to Make in India.

Trade estimates

India will continue to be net importer of chemicals going forward as well. The import of major chemicals is estimated to increase at a CAGR of 4.2% from 7.1 million tonnes during 2020-21 to 8.7 million tonnes during 2025-26. The exports of the industry are expected to grow at a higher CAGR of 5.8% to 2.4 million tonnes in 2025-26 from 1.8 million tonnes in 2020-21.

Import-export estimates (in million tonnes)



Source: Department of Chemicals and Petrochemicals

It is to be noted that apart from domestic factors mentioned in the segment-wise growth drivers section (earlier in the chapter) like sectoral demand and social macro-economic factors driving demand for chemicals, certain international factors which are detailed below are also likely to augment the production of chemicals in India. This, in turn, will increase the scope of chemical exports from India.

China has been focusing on pollution control and has been encouraging stricter environment norms. This has resulted in temporary close down or shutdown of various plants across various industries in China. Consequently, such regulations provide an opportunity to India as some global manufacturers that source chemicals from China may look for other sources to avoid any major disturbances in their supply chain. In addition to this, trade conflicts like the US - China trade war which has affected global supply chain also provides opportunities to other nations including India to take advantage of the situation. Moreover, some countries are expected to reduce their dependence on China in the post-Covid era, which is also expected to enhance the opportunities for India's chemicals industry.

Overview on mining industry in India

Mining industry is one of the core industries in India. Mining industry provides basic raw materials to many major industries such as power, steel, cement, capital goods, petroleum and natural gas as well as service sector which require computing gadgets made of quartz, lithium, lead, zinc, silver etc. India is well endowed in minerals and produces as many as 95 minerals, which includes 4 fuels, 10 metallic, 23 non-metallic, 3 atomic and 55 minor minerals (including building and other materials). The number of mines which reported mineral production (excluding atomic, fuel, and minor minerals) in India was 1,303 in 2019-20 as against 1,427 in the previous year.

In India, mining has a nearly 1.2x-1.4x multiplier effect on industrial production. As %ral Government's estimates, the national mining sector provides direct employment to more than a million people contributing significantly to livelihood creation.

The contribution of mining and quarrying to all India gross value added (GVA) was 1.6% in FY21 down from 1.95 in FY20. The index of mineral production (excluding atomic minerals) (with base year 2011-12=100) has shown y-o-y growth in each of the years during FY16 to FY20 in the range of 1.5-5%, however, in FY21 the IIP (Index of Industrial Production) for mining fell by a sharp 7.8%.

The spread of Covid-19, right at the beginning of the financial year, has led to disruptions across industries leading to fall in volume of minerals produced during the year.

India is in the top 10 minerals and metals producing nations for all except for four minerals which are listed in the table below:

Contribution and Rank of India in World Production of Principal Minerals & Metals, 2018

Mineral	Contribution (%)	India's rank in order of quantum World of production
Mineral Fuels		
Coal & lignite	8.13	3rd
Petroleum (crude)	0.88	23rd
Metallic Minerals		
Bauxite	7.3	5th
Chromite	9.7	4th
Iron ore	7.1	4th
Manganese ore	5.3	7th
Industrial Minerals		
Magnesite	0.5	15th
Apatite & rock phosphate	0.6	16th
Metals		
Aluminium	5.9	4th
Copper (refined)	1.9	11th
Steel (crude/liquid)	6.1	2nd
Lead (refined)	5.2	4th
Zinc (slab)	5.2	3rd

Source: Annual Report 2019-20, Ministry of Mines

India continued to be wholly or largely self-sufficient in minerals which constitute primary mineral raw materials that are supplied to industries, such as, iron & steel, aluminium, cement, various types of refractories, China clay-based ceramics, glass, etc. India is self-sufficient or near to self-sufficient in bauxite, chromite, limestone, iron ore and sillimanite. India is deficient in kyanite, magnesite, rock phosphate, manganese ore, etc. which were imported to meet the demand for either blending with locally available mineral raw materials and/or for manufacturing special qualities of mineral-based products.

Government policies

During last six years, the Government has introduced important reforms to open up the mineral sector to ensure its contribution in achieving the national policy goals. Major reforms include enactment of the **Mines and Mineral (Development & Regulations) (MMDR) (Amendment) Act**, 2015, which made the process of allocation of mineral concessions completely transparent by introducing public auctions with active participation of the state governments. In the federal set up, states are owners of mineral wealth in their respective territories. For realising the benefits of mineral wealth, states have primary and significant role to come up with auctionable mineral blocks that have clearance, to start production.

The vision is to double the production of important minerals in next 5 years with resultant reduction in import dependency, by allocating and regulating minerals in a transparent and sustainable manner and to promote exploration and mining of deep-seated minerals to meet country's needs and to effectively implement other policy goals stated in the **National Mineral Policy, 2019**, thereby enabling the country to progress towards attaining self-sufficiency in major mineral production.

FDI in mining:

100% FDI in mining in India is allowed under automatic route. 100% FDI in the mining sector in India is allowed in coal and lignite under automatic route. 100% FDI in the mining sector is allowed in mining and mineral separation of titanium bearing minerals and ores, value addition, and integrated activities under government routes.

Domestic mining industry growth prospects

The mining sector in India has huge growth potential. Mining activity is expected to grow in the range of 6-7% in the period of next five years. Insatiable demand for metallic minerals which form almost 88% of the total value of the mineral production is expected to support the growth of the domestic mining industry. Growth in the industrial sector is expected to keep the demand of metallic minerals intact. The secular demand for natural resources is expected to be primarily driven by factors including lower per capita metal consumption in India compared to the global average, rising urbanisation, industrialisation, and government initiatives on infrastructure and housing. However, various statutory roadblocks in states such as Odisha, Karnataka and Goa for iron ore & manganese ore and regulatory issues with coal blocks, the short term (one year) outlook for the mining industry remains subdued.

Conclusion

The growth in mining sector will be driven by infrastructure, building and construction, automotive, power and capital goods sectors. India's automotive sector is one of the largest in the world. Infrastructure development activities and urbanisation will drive demand for steel, zinc and aluminium which in turn will create demand for minerals. Minerals like manganese, lead, copper, and alumina are estimated to witness huge growth in the coming years.

Government initiatives to further increase growth of the minerals consuming Industries:

- Make in India
- Smart City Projects
- Metro and Railway Projects
- Aatmanirbhar Bharat in Defence
- 100 GW target for Renewable Energy by 2022
- PLI schemes for Consumer Electronics industry
- Accelerated growth for Electric Vehicles
- Doubling of port capacity

Therefore, the demand side potential is expected to grow.

India's mining sector is still underdeveloped with a contribution of just under 2% of GDP as compared with other developing economies like China and Brazil. China's mining sector contributes 5% to its GDP whereas Brazil's mining industry contributes around 2.5%. Therefore, as the GDP of the country increases with rapid urbanisation and industrialisation, its mineral consumption would also grow at a rapid pace. India holds a fair advantage in terms of cost of production, being among the lowest cost producer of steel and aluminium due to mineral availability and cheap labour. The country is well-endowed in minerals. However, India is yet to completely explore its untapped potential. There lies huge opportunity for the development of the sector. With the government's consistent efforts towards the development of the sector and the private sector participation, the mining sector is poised to make significant growth in the years to come.

The mining activity in India (for minerals) is expected to grow in the range of 6-7% in the period of next five years and is expected to reach around ₹ 90,000 crore by 2024-25.

Overview on fertilizers industry in India

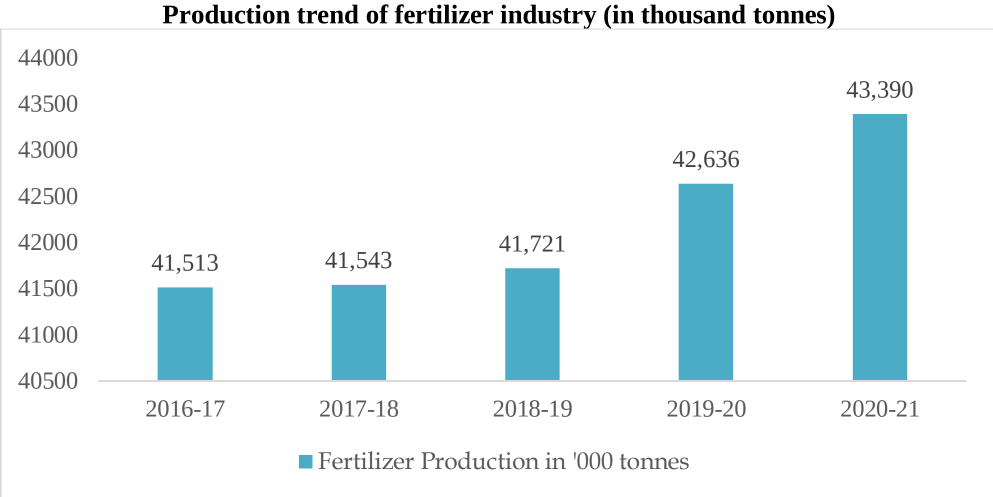
As more than half of India's population is estimated to be dependent on agriculture and agri-allied activities, agriculture plays an important role in the economic development of India. In spite of this, India is the third largest contributor in overall foodgrain production after China and the US. This implies that though there is higher consumption and dependence on agriculture, productivity is lower than that of China and US. Given the limited arable land and growing food needs, the demand for productivity-boosting chemicals such as fertilizers will be on the upside, going forward.

The domestic fertilizer market was estimated to be worth ₹887 billion in 2020. The agricultural sector, which the fertilizers industry is completely dependent on, accounts for 18-20% of India's gross value added (GVA).

The fertilizers industry has registered a growth in production since 2013-14. The industry was largely unaffected during the pandemic year of 2020-21 due to agriculture, the industry's consumer, being classified as an essential service. Fertilizer production is expected to continue on its growth trajectory during 2021-22 as well. It is expected to grow at its usual rate of 1-3 % during the year.

Production trend:

Production trend of fertilizer industry (in thousand tonnes)



Source: CMIE

Growth drivers –

1) India's population is growing consistently and is unlikely to witness any headwinds in the near-to-medium term. Simultaneously, rapid urbanisation is likely to lower the land available for agriculture. A combination of higher demand for food and lower area available for cultivation will contribute to increasing need for products boosting land productivity. This is expected to push the demand for fertilizers.
2) While fertilizer production is growing, consumption of fertilizers remains highly skewed and as a result, there are states that are consistently lagging in terms of fertilizer penetration. This implies that there is room for future growth for fertilizers in these areas.
3) Fertilizer demand is also expected to gain traction on account of increasing rural income and easy access to credit.
4) Lastly, we expect campaigns rolled out by the government and non-government bodies to create awareness about the importance of fertilizers, which, in turn might increase the consumption of fertilizers.

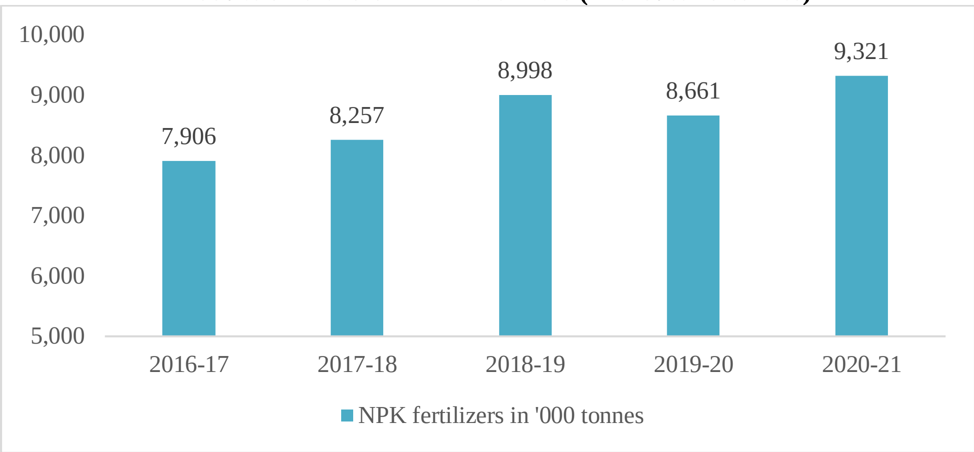
Types of fertilizers

a. NPK fertilizers –

NPK fertilizers include elements nitrogen (N), phosphorus (P) and potassium (K). These elements help improve growth, health and look of the plants. The fertilizer is added to soil for betterment of plants. Nitrogen aids growth of leaves and spurs green colour. Lack of nitrogen causes slow growth and also plants become pale. Phosphorus supports root development and improves growth of flowers, fruits and seeds. Potassium augurs well for overall plant growth and health. The NPK fertilizers are generally available in ratio form. For example, NPK fertilizer with a label of 4:2:1 indicates that it has 4% nitrogen, 2% phosphorus and 1% potassium.

NPK fertilizers are used in almost all types of crops such as cereals, pulses, cash crops and fruit and vegetables, for example, sugarcane, cotton, banana, maize.

Production trend of NPK fertilizers (in thousand tonnes)



Source: CMIE

NPK fertilizers on an average account for about 20% of the total fertilizers production in India. The output of NPK fertilizers declined in two years out of the five years mentioned in the above chart. The production had decreased by 4.8% in 2016-17 and 3.7% in 2019-20. Over the past 5 years, the output of NPK fertilizers increased from 7,906 thousand tonnes in 2016-17 to 9,321 thousand tonnes in 2020-21.

Government of India is implementing the Nutrient Based Subsidy (NBS) policy w.e.f. 1st April 2010. The NBS deals with urea and 22 grades of P&K fertilizers namely DAP, MAP, TSP, MOP, SSP, Ammonium Sulphate and 16 grades of complex fertilizers. These fertilizers are provided to the farmers at the subsidized rates based on the nutrients (N, P, K & S) contained in these fertilizers. Additional subsidy is also provided on the fertilizers fortified with secondary and micronutrients as per the Fertilizer Control Order such as Boron and Zinc. The subsidy given to the companies is fixed annually on the basis of its nutrients content (i.e. Nitrogen, Phosphate, Potash and Sulphur) on per kg basis which is converted into subsidy per tonne depending upon the nutrient content in each grade of the fertilizers. Under this scheme, Maximum Retail Price (MRP) of fertilizers has been left open and manufacturers/marketers are allowed to fix the MRP at reasonable level. These rates are determined taking into account the international and domestic prices of P&K fertilizers, exchange rate, inventory level in the country.

Key players in the industry –
Company-wise Segmental production –
Some of the Major players segment wise highlighted based on their production during past years

a. NPK fertilizers

Production Volume (in '000 tonnes) (NPK+NP+AS)

Sr. No.	Company name	2019-20	2020-21
1	Fertilisers And Chemicals Travancore Ltd.	1,072	1,108
2	Gujarat State Fertilizers & Chemicals Ltd.	841	965
3	Indian Farmers Fertiliser Co-Op. Ltd.	2,165	2,348
4	Rashtriya Chemicals & Fertilizers Ltd.	571	539
5	Smartchem Technologies*	485	656
	Industry total (CSO production)	**3,899**	**4,550**

Source: Industry

Sales Volume ('000 tonnes) (NPK)

Sr. No.	Company name	2019-20	2020-21
1	Fertilisers And Chemicals Travancore Ltd.	862	950
2	Gujarat State Fertilizers & Chemicals Ltd.	517	604
3	Indian Farmers Fertiliser Co-Op. Ltd.	2,131	2,438
4	Rashtriya Chemicals & Fertilizers Ltd.	660	675
5	Smartchem Technologies*	286	441

Source: CMIE

*Smartchem Technologies is a wholly owned subsidiary of Deepak Fertilisers and Petrochemicals Corporation Limited (DFPCL) and has its strong presence in Maharashtra, Gujarat and Karnataka.

Overview of the Indian Horticulture Industry

Horticulture is the science, art, as well as business of cultivating vegetables, fruits, flowers, ornamental plants, and herbs. In other words, it is known as the exercise of garden cultivation and management. The term Horticulture is derived from two Latin words- hortus (garden) and cultura (cultivation). In the last few decades, the Horticulture sector in India has evolved as one of the most leading and influential sectors not only in India but in various other countries across the globe. The horticulture industry is related to the business of growing fruits, vegetables, herbs and ornamental plants. Horticulture is subdivided into four parts – Olericulture, pomology, ornamental horticulture and arboriculture. Olericulture, which derives its name from the Latin word Oleris, relates to cultivation of pot herbs. Olericulture therefore deals with the production, storage, processing and marketing of vegetables. Pomology is concerned with the growing, harvesting, storing and processing of nuts and fruits. Pomology deals with different aspects of fruits right from planting of saplings to growing them. Along with this, horticulture also includes the growing and maintenance of ornamental plants. Ornamental horticulture can be bifurcated into landscape horticulture and floriculture. Floriculture comprises the production, usage and marketing of floral crops. Of late, the floriculture segment is witnessing significant traction and has been able to achieve profitability due to the growing demand for beautification using flowers. The cultivation, maintenance and marketing of landscape plants is known as landscape horticulture. Landscape plants enhance the beauty of external environment and make the outdoors more pleasing to the eye. As a result, landscape horticulture derives its demand for aesthetic purposes. Arboriculture is the segment of horticulture that refers to the study, cultivation and maintenance of shrubs for beautification. Shrubs are used for ornamental purposes along with vines, woody plants and even individual trees. The Indian horticulture industry has a lot of untapped potential as it is differentiated from the traditional agricultural industry. Recently, the Indian government is laying emphasis on the development of this industry to maximise its remunerative capability. The government has announced several schemes and plans to support and boost the growth of this industry.

Trend in horticulture production

Over the five year period 2015-16 to 2020-21, horticulture output in India increased at CAGR of 2.9% with majority of its output coming from vegetables and fruits. The area has increased at a CAGR of 2% during the period.

Trend in horticulture production in India

	2015-16	2016-17	2017-18	2019-20	2020-21	2021-22 (2nd Adv Estimate)	CAGR (2015-16 to 2020-21)
Production (million tonnes)	286	301	311	311	321	330	2.9
Area (million ha)	24.5	24.9	25.4	25.7	26.5	27.2	2.0

Source: PIB release

In the year 2021-22, the production is expected to increase by 2.9% to 330 million tonnes and the area is estimated to rise by 2.6% to 27.2 million tonnes on a y-o-y basis. The upward momentum in horticulture output is expected to increase the consumption of fertilizers going ahead including speciality fertilizers.

Enhanced Efficiency Fertilizer (EEF)

The growth in horticulture is likely to aid the demand of EEF as most of them (EEF) are used in horticultural or turf applications while a few are available for agronomic crops in the global market.

EEF is term for new formulations that control fertilizer release or alter reactions that lead to nutrient losses. The products or mechanisms include fertilizer additives, physical barriers or different chemical formulations and are similar to earlier versions. Fertilizer additives are said to better fertilizer availability by contracting N losses from volatilization, denitrification, leaching and immobilization.

Salient features –

1) The horticulture industry can offer a higher number of employment opportunities across the primary, secondary and tertiary sectors of agriculture.
2) As this newly-growing sector expands fast, it has the potential to be more productive and therefore more beneficial than the traditional agricultural sector which relies on growing foodgrains.
3) Crops and fruits that find their usage in horticulture require less water because of which the chances of failure of growth or risks to growth are low. This also means that farmers owning smaller farms can diversify with the horticulture route.
4) In horticulture, crops are planted concurrently in order to make the most of yields and fertilizers. With this, the area under cultivation remains full of nutrients.

Geographical split of consumption

The pattern of consumption of fertilizers varies across states and is highly skewed. The use of fertilizers by states depends on the following factors –

1) Soil characteristics – The use and need for fertilizers depends on the fertility of the soil in that state. Soil characteristics determine if the soil is productive enough to grow crops specially grown in that state.
2) Rainfall and irrigation – India mainly depends on rainfall from southwest monsoon which is received during the period of June – September. Agriculture depends on availability of adequate water supply and resultantly, fertilizer demand hinges on this too. If rainfall is inadequate or uneven, the usage of fertilizers goes down. As a result, states receiving adequate rainfall will generally witness higher usage of fertilizers when compared to states where water through rainfall or irrigation is not abundant.
3) Crop type – The usage of fertilizers depends on the type of crops grown. Fertilizer usage per hectare is higher for high value or commercial crops. Therefore, states producing sugarcane, tea, coffee or fruits will consume more fertilizers than states producing cereals.

The following tabulations give information on state-wise consumption of different types of fertilizers. We have used state-wise sales of fertilizers as proxy for consumption of fertilizers by states.

a. NPK - (in ‘000 tonnes)

Sr. No.		2016-17	2017-18	2018-19	2019-20	2020-21
	India	8,019.30	9,075.30	9,621.40	10,327.70	12,173.40
1	Maharashtra	1,557.50	1,971.00	1,958.10	2,034.80	2,771.10
2	Karnataka	1,014.60	1,164.00	1,341.10	1,470.10	1,798.20
3	Andhra Pradesh	1,120.80	1,062.30	1,036.90	1,418.70	1,605.80
4	Telangana	909.00	1,017.00	1,057.20	1,230.60	1,443.80
5	West Bengal	905.4	921.4	985.9	944.1	1,048.80
6	Gujarat	540.4	679.8	559.7	703.5	735.9
7	Tamil Nadu	472.2	535.4	528.6	619.2	717.9
8	Uttar Pradesh	479.4	521.2	657.2	561.7	585.6
9	Madhya Pradesh	213.7	293.4	334.3	329.3	415.8
10	Bihar	251.6	281.7	332.2	301.2	324.2

Source: Department of Fertilizers, CMIE

Maharashtra is the leading buyer of NPK fertilizers in India. With a share of 22.8 percent, it bought 2,771.1 thousand tonnes of 12,173.4 thousand tonnes of NPK fertilizers sold in India during 2020-21. Maharashtra’s share in total NPK sales has been in the range of 19-22 percent over the past five years. Karnataka ranks second in overall NPK consumption in India. In 2020-21, it consumed 1,798.2 thousand tonnes of NPK fertilizers and made up 14.8 percent of overall NPK sales. The state of Andhra Pradesh bought 1,605.8 thousand tonnes of NPK fertilizers in 2020-21 and was the third largest consumer of NPK fertilizers in India.

Government Regulations for the industry

The fertilizer industry caters to the agrarian economy where farmers usually grapple with the vagaries of nature such as irregularities of rainfall and other uncertainties such as price changes and inability to sell produce to recoup costs. Farmers, especially the small and marginalized ones, do not always have the financial muscle or even the awareness to incorporate fertilizers in order to boost the productivity of their crops and ensure growth of high-quality produce.

Consequently, it becomes imperative for the Government to make fertilizers available to farmers at reasonable and affordable prices. However, given most inputs required for fertilizer production are either imported or are not readily available, the fertilizer industry, like most other import dependent industries, have its own challenges to overcome. The Government ensures that the farming community does not have to struggle or bear the costs of any sudden and sharp spike in fertilizer prices.

Fertilizer industry is under strict control of the Government of India (being in the First Schedule of the IDR (Industries (Development and Regulation)) Act, 1951 vide Entry 52 of List I and is also a part of Entry 33 of List III. As a result, the industry is highly regulated in terms of price control mechanisms put in place by the Government. The difference between the cost of production which fluctuates due to raw material price dependence, as well as the plant specific factors like vintage of plant and Government determined selling prices is absorbed by the Government through reimbursements in the form of subsidies.

Urea is the only controlled fertilizer sold at the statutory notified uniform sale price, while the Phosphatic and Potassic (P&K) fertilizers are decontrolled and are sold at an indicative maximum retail price (MRP).

For decontrolled fertilizers, P&K fertilizers, the Government initiated the Nutrient Based Subsidy (NBS) scheme in 2010. Under the NBS, the government decides on a fixed amount of subsidy annually for each grade of subsidized phosphatic and potassic (P&K) fertilizers based on the weight of the different macro/micronutrient (N, P, K, S) that the said fertilizer contains. At present, urea does not come under the purview of NBS. As the prices of decontrolled fertilizers inch up, farmers continue to rely on using urea and a larger proportion of urea can compromise soil health. The NBS scheme was formulated with a goal of increasing the consumption of P&K fertilizers to achieve an optimum balance of N:P:K of 4:2:1 in the soil.

The scheme, which is administered by the Department of Fertilizers, aims to have an adequate quantity of P&K available to farmers at a statutory controlled price so that agricultural productivity and growth is sustained and optimum soil health is achieved through a balance of nutrients provided. Both the domestic and international cost of P&K fertilizers is considered along with the currency exchange rate and inventory levels to arrive at the retail price for these complex fertilizers.

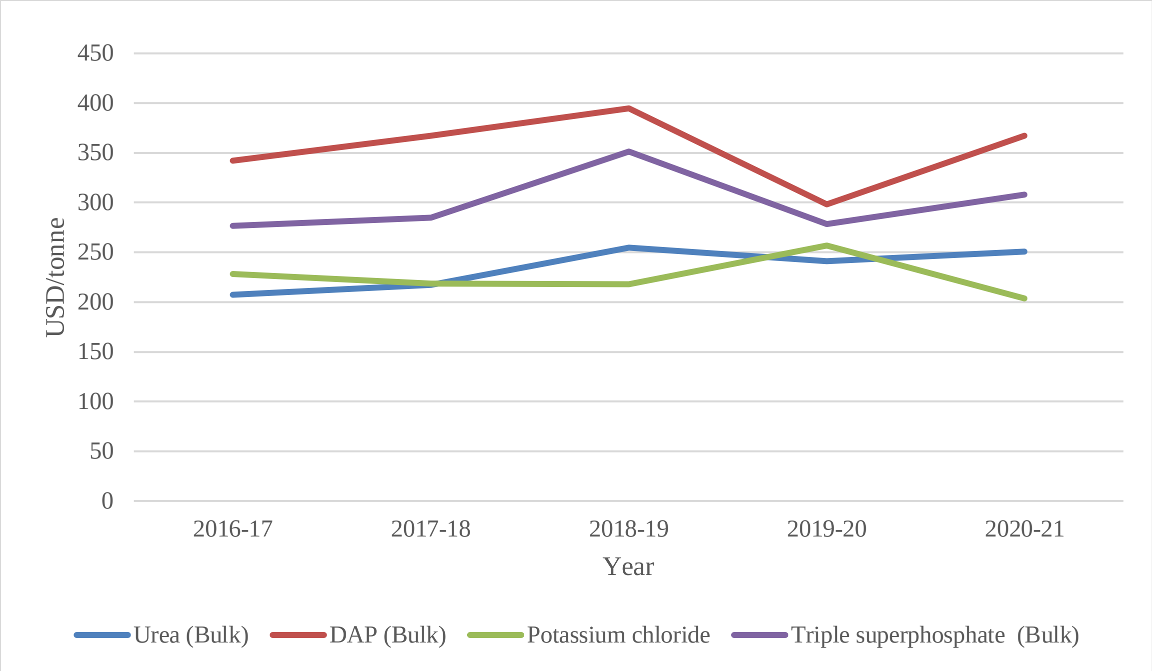
Although the market price of fertilizers is determined while taking demand-supply balance into consideration, it is mandatory for fertilizer companies to explicitly state the maximum retail price (MRP) and applicable subsidy on fertilizer bags.

The Department of Fertilizers releases 90 % (including bank guarantee and 85 % excluding bank guarantee) payment of subsidy on a month-wise basis to producers and importers of P&K fertilizers based on receipts of fertilizers in the respective states.

International price trends –

Prices of different varieties of fertilizers increased at a steady pace during 2016-17 and 2017-18 before rising sharply during 2018-19. During the 2018-19 financial year, prices of urea increased to USD 254.7 per tonne from USD 217.1 per tonne in the previous year. DAP prices increased from USD 367.1 per tonne to USD 394.7 per tonne over the 2017-18 financial year. Potassium chloride prices stagnated at USD 218 per tonne, while those of triple superphosphate rose sharply from USD 285 per tonne in 2017-18 to USD 351.3 per tonne during 2018-19.

International fertilizer price trend



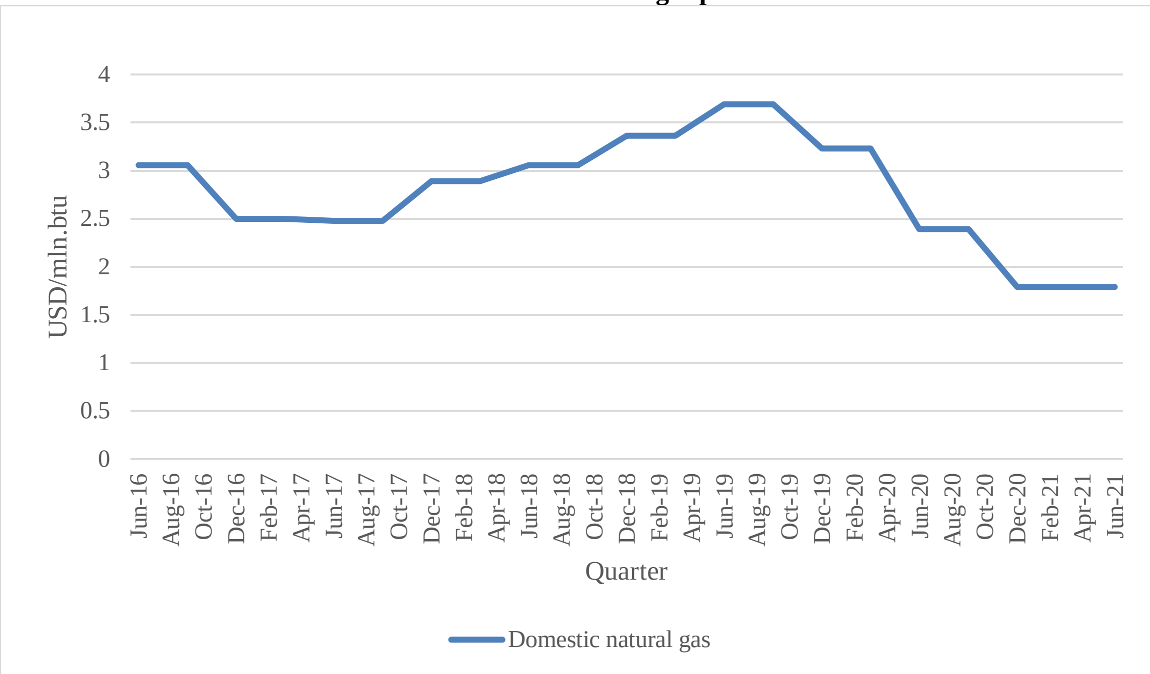
Source: World Bank, CMIE

The sharp rise in prices came on the back of surging feedstock prices. With raw material prices increasing, fertilizer manufacturers chose to pass on the rising input costs by way of higher prices of finished product. However, the spike in prices was transitionary and fertiliser prices gradually began to scale down as the years proceeded. For 2019-20, urea prices came down to USD 241.3 per tonne and DAP prices averaged USD 298.2 per tonne. Triple superphosphate prices eased to USD 278.6 a tonne.

Raw material price trends

India imports the raw materials required to manufacture fertilizers. Natural gas is a key input for manufacturing urea as it is intrinsically hydrogen rich and therefore contributes more hydrogen on a unit weight basis than other feedstock materials. Also, the costs incurred on using natural gas are lower when compared to heavier feedstocks that are complex to process. As a result, natural gas accounts for 50-80 percent of raw material expenses. Due to the dependence on natural gas for urea production, the fertilizer industry is the leading consumer of domestic natural gas.

Domestic Natural gas price trend



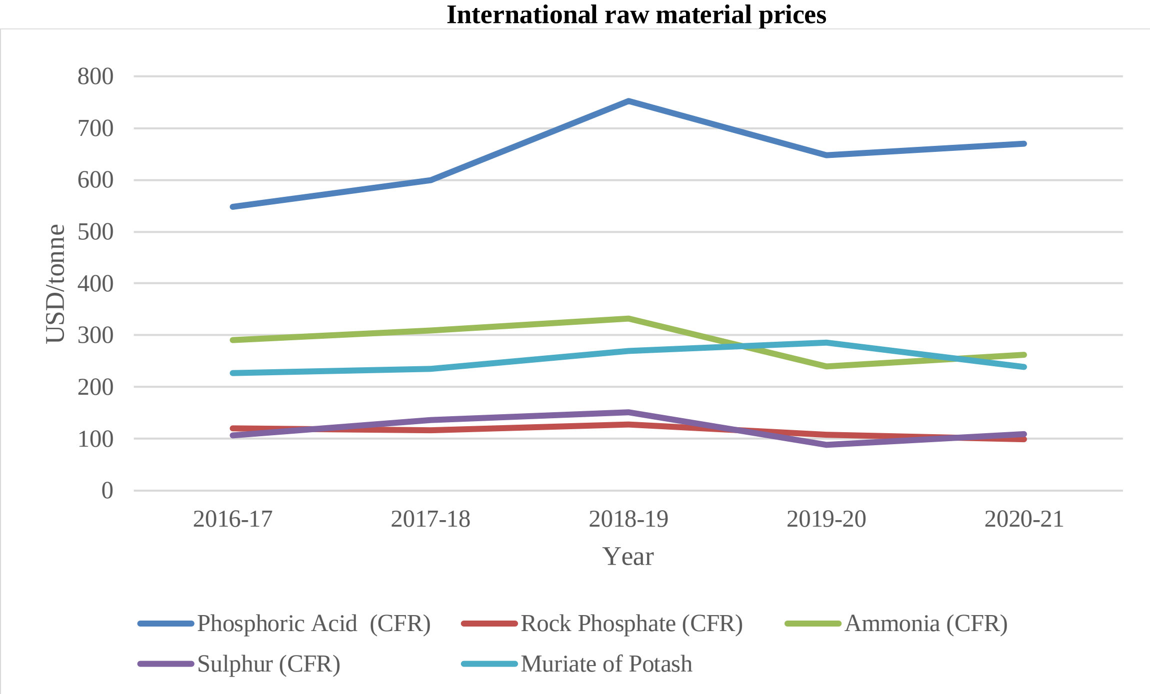
Source: PPAC, CMIE

As per the New Domestic Gas Policy, the government revises domestic natural gas prices every six months (April – September and October – March). At present, the domestic natural gas price stands at USD 1.79/mln.btu.

Prices of all raw materials in the international market witnessed a surge during 2018-19 following plant closures in China which impacted availability. Additionally, higher global demand supported the rise in raw material prices. Prices of phosphoric acid increased by 25.5 percent within the span of a year, while those of rock phosphate increased by 9.7 percent. Ammonia and sulphur prices also increased by 7.3 percent and 11.2 percent respectively.

During 2019-20, feedstock prices began falling and provided relief to fertilizer manufacturers. The softening of phosphoric acid prices was on account of excess supply in the market.

International raw material prices



Source: Department of Fertilizers, CMIE

India is heavily dependent on imports for raw materials needed to produce fertilizers. The fag end of 2020-21 also saw Indian fertilizer manufacturing firms having no choice but to increase fertilizer prices following s steep hike in international raw material costs. India depends on imports for 90 % of its requirements of rock phosphate, a key input used to produce DAP and NPK fertilizers, according to the Ministry of Chemicals and Fertilizers. Mansukh Mandaviya, the Union Minister of Chemicals and Fertilizers, said that India depends on imports for raw materials required to produce DAP and SSP too. This is because India does not have enough indigenous deposits of phosphatic rock and potash that the domestic industry can use.

While the minister said that Union government is ready with an action plan and will begin dialogue and deliberations with states having deposits of mineral resources required to make fertilizers, we expect India to rely on imports at least for the next couple of years.

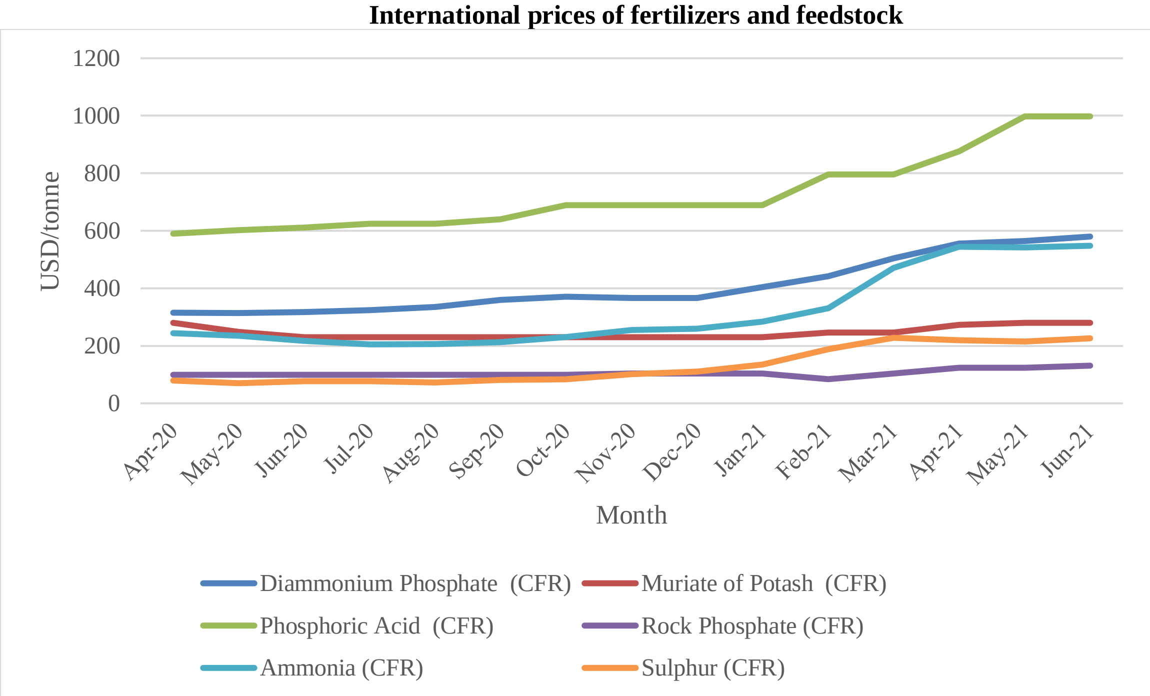
Key developments and outlook

Agriculture has been a bright spot and the continued demand for fertilizers in 2021-22 will be backed by higher farm income following a good kharif season last year and a bumper rabi harvest this year. Although the second wave of the pandemic affected rural India too, the effects of the wave receded before the beginning of the sowing season and the agricultural economy is unlikely to suffer due to the pandemic this year either. With prospects of a good monsoon and adequate reservoir levels, yield and acreage during this year’s kharif season will remain favourable. The government has also announced a rise in the minimum support prices (MSPs) for kharif crops for the 2021-22 financial year.

Fertilizer manufacturing companies had announced a sharp hike in prices of fertilizers in April 2021 citing a surge in prices of phosphoric acid and potash, the raw materials used in fertilizer production. To avoid the burden of price hikes on farmers and disturbance in agricultural produce, the government provides subsidies on fertilizers to farmers through manufacturers. In May 2021, the Department of Fertilizers had increased the subsidy on DAP to ₹1,200 per 50 kg bag, up from ₹500 per 50 kg bag. The subsidy on phosphorous was also increased from ₹14.8 per kg to ₹45.3 per kg. The increases in subsidies shield fertilizer producers from a demand shock amid higher input costs.

International prices of feedstock for fertilizers surged following higher demand from international markets and the jump in shipping costs. Raw materials for non-urea fertilizers are not produced domestically and therefore the dependence on imports for producing fertilizers is high. Data published by the Department of Fertilizers showed that prices of rock phosphate, phosphoric acid and ammonia scaled new heights towards the end of 2020-21.

International prices of fertilizers and feedstock



Source: Dept. of Fertilizers, CMIE

For the three months of the current financial year, prices of imported DAP increased from USD 504 per metric tonne in March to USD 555/MT in April and then further to USD 580/MT in June. On a y-o-y basis, imported DAP prices were 75.6 percent higher in April and 79.9 percent higher in May 2021 and 83 percent higher in June. Similarly, prices of muriate of potash (MOP) witnessed a spike at the beginning of the financial year. They rose from USD 247/tonne in

March to USD 273/tonne within a month. MOP prices remained elevated at USD 280/tonne for the months of May and June.

Fertilizer manufacturing companies would be unable to absorb the hike in input costs to keep prices of finished products constant given the expected rise in demand during the kharif season.

Given the possibility of higher international raw material costs affecting farmers and agricultural output, the Department of Fertilizers, in May 2021, increased the subsidy on DAP to ₹1,200 per 50 kg bag, up from ₹500 per 50 kg bag. The subsidy on phosphorous was also increased from ₹14.8 per kg to ₹45.3 per kg. The government provides subsidies on fertilizers to farmers through manufacturers. The increase in subsidies will shield fertilizer producers from a demand shock amid higher input costs.

Urea producers will also benefit from lower natural gas prices. The government has revised domestic natural gas downwards to USD 1.79/mln.btu from USD 2.39/mln.btu earlier.

In sum, the fertilizers industry's production is poised to grow at a CAGR of around 3-5% by 2024-25 on account of sustained demand from the agriculture sector. The prospects of a good monsoon and higher farm incomes following a good kharif and rabi harvest season last year will prop up the demand for fertilizers.

Industrial chemicals

Industrial chemicals are made for application in industrial chemical processing. While some of these chemicals are used only for industrial output processes, many others find their usage in commercial products that are available in consumer markets. The category of industrial chemicals is extensive which includes reactants, colorants, solvents, coatings, dyes, stabilizers, lubricants, inks, flame retardants, plasticizers, fragrances, insulators and conductors.

Industrial chemicals covered in this chapter include:

a. Ammonia
b. Nitric acid
c. Isopropyl alcohol
d. Methanol

Ammonia

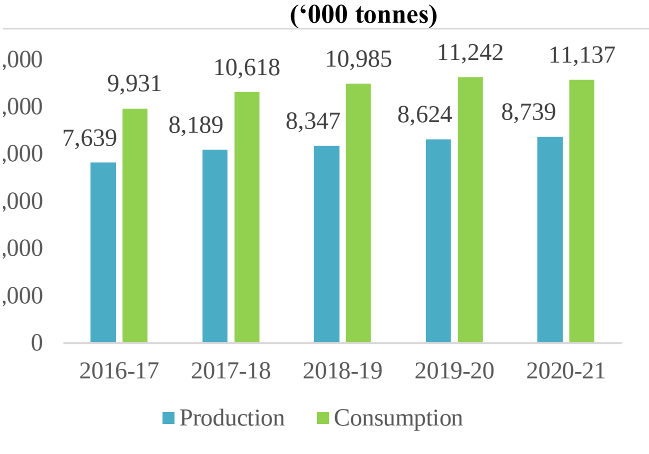
a. Trend in production, trade and prices

Ammonia is an inorganic chemical which finds its usage in fertilizers, household cleaning products and various industrial uses. It can be seen from chart below that India's consumption of ammonia exceeds production and thus the country has to rely on imports to fulfill the domestic requirements.

The production of ammonia in India has increased at a CAGR of 3.4% from 7.6 million tonnes in 2016-17 to 8.7 million tonnes in 2020-21. Consumption on the other hand, grew at a slower CAGR of 2.9% from 9.9 million tonnes in 2016-17 to 11.1 million tonnes in 2020-21.

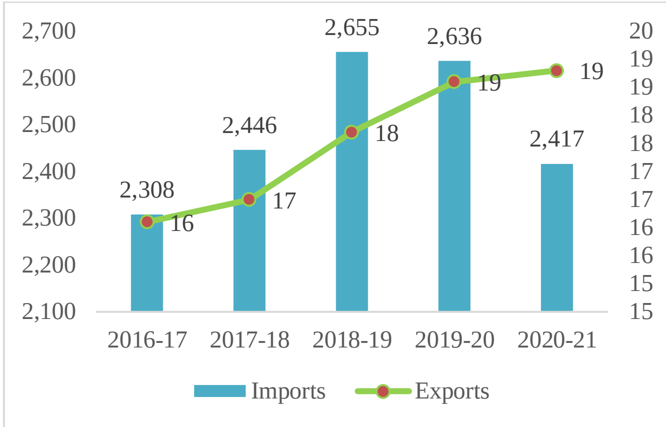
Despite slower rise in consumption, India had to resort to imports to meet the nation's needs. As a result, imports of ammonia increased at a CAGR of 1.2% to 2.4 million tonnes in 2020-21 from 2.3 million tonnes in 2016-17. Exports of ammonia from India are very minimal and they grew at a CAGR of 4% to 19 thousand tonnes in 2020-21 from 16 thousand tonnes in 2016-17.

Trend in production and consumption of ammonia in India ('000 tonnes)



Source: CMIE

Trend in import-export of ammonia ('000 tonnes)

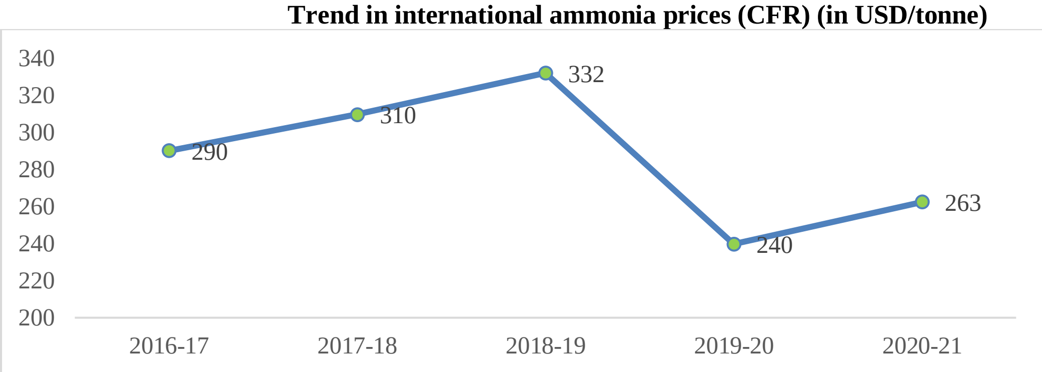


Source: CMIE

Trend in international ammonia prices

Ammonia prices in the global market had increased in each of the years during 2017-18 and 2018-19 on a y-o-y basis by 6.7% to USD 310 per tonne and by 7.2% to USD 332 per tonne, respectively.

Trend in international ammonia prices (CFR) (in USD/tonne)



Source: Department of Fertilizers, CMIE

The prices however declined by a sharp 27.8% to USD 240 per tonne in the year 2019-20 mainly due to oversupply of ammonia in the global market. In the following year 2020-21, the prices nevertheless improved by 9.5% to USD 263 per tonne primarily backed by improved downstream demand from agriculture and some recovery in demand from industrial use amid tight supply situation of ammonia in the international market. In addition to this, plant outages and unplanned shutdown also supported the prices to trend upwards.

b. Key players

- **Chambal Fertilisers & Chemicals Ltd:** The company manufactures urea in its 3 plants located at Gadepan, District Kota, Rajasthan. The company is also engaged in marketing of other fertilisers and agri-inputs such as Di-Ammonium Phosphate (DAP), Muriate of Potash (MOP), Ammonium Phosphate Sulphate (APS), different grades of NPK fertilisers, sulphur, micronutrients and agrochemicals. Urea is the largest selling products of the company followed by DAP and MOP. The company has capacity of 1873 thousand tonnes.

- **Gujarat Narmada Valley Fertilizers & Chemicals Ltd**: GNFC is a joint sector enterprise promoted by the Government of Gujarat and the Gujarat State Fertilizers & Chemicals Ltd. (GSFC). Located at Bharuch, GNFC draws on the resources of the natural wealth of the land as well as the industrially rich reserves of the area. The company operates businesses mainly in the industrial chemicals, fertilizers and Information Technology ('IT') products space. The company produced 689 thousand tonnes of ammonia in 2019-20. The company has a capacity of 693 thousand tonnes.

- **Indian Farmers Fertiliser Co-Op. Ltd:** Indian Farmers Fertiliser Cooperative Limited (IFFCO) is one of India's biggest cooperative society which is wholly owned by Indian Cooperatives. IFFCO is mainly engaged in manufacturing of urea, Di-Ammonium Phosphate (DAP), NPK, water soluble fertilizers, ammonia. The co-operative's ammonia output stood at 2,797 thousand tonnes in 2019-20. The capacity of the co-operative is 3,090 thousand tonnes.

- **Krishak Bharati Co-Op. Ltd:** (KRIBHCO) is a premier National level Cooperative Society of India engaged in fertilizer production and distribution. The product basket of KRIBHCO comprises urea, DAP, NPK, MOP, SSP, zinc sulphate, bio-fertilizers, certified seed, compost, hybrid seeds, BT cotton etc. KRIBHCO distributes these products through its channel partners both in cooperatives and private retail. The co-operative had produced 1,367 thousand tonnes of ammonia during 2019-20. It has a capacity of 1,750 thousand tonnes.

c. End user industry and growth drivers

- **Urea:** Ammonia forms one of the major raw materials used for making of urea along with carbon dioxide. Urea is the most commonly used fertilizer in India and therefore accounts for close to 60% of total fertilizer production in the country. It is usually sourced domestically but higher than expected demand results in urea needs being met by imports. Growth in agricultural activities will support the demand for urea and thus ammonia.

- **Ammonia based fertilizers:** Ammonia is also used in manufacturing of fertilizers like ammonium phosphate sulphate fertilizers. Rise in demand of food on account of increasing population along with production safety would aid the demand of fertilizers in India driving the demand for ammonia.

- **Industrial uses:** Ammonia is applied in a variety of industrial uses including air-conditioning equipment where it is used as refrigerant gas. It is also used for waste water treatment, as an intermediate in making of plastics, fabrics, dyes, pesticides etc.

- **Mining and infrastructure:** Ammonia is used to make ammonium nitrate which has its application in mining and infrastructure industries in the form of explosives. Expected growth in these activities are likely to augur well for ammonia.

d. Growth estimates

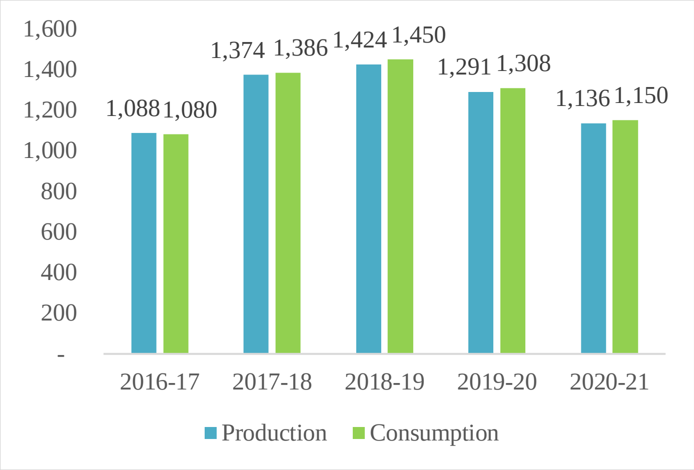
The above mentioned factors or user industries are likely to contribute to the growth of ammonia as they act as demand drivers for the chemical. As a result, it is expected that ammonia production will continue to be around 2-3% in the medium term.

Nitric acid

a. Trend in production and trade

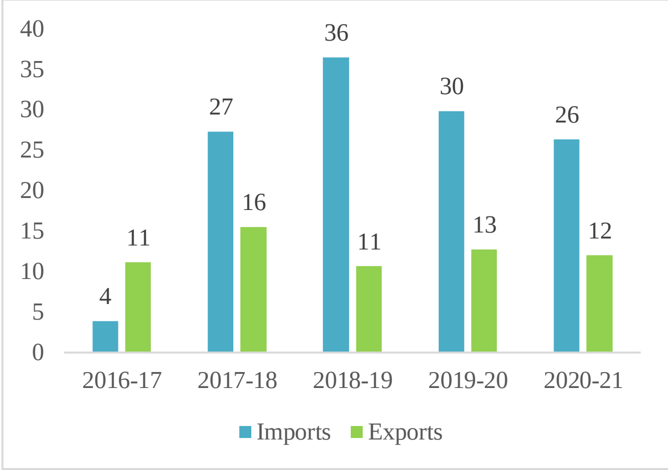
Nitric acid is an inorganic chemical used in the making of fertilizers like ammonium nitrate and explosives like trinitrotoluene (TNT) and nitroglycerin. It also finds major application in preparation of dyes and pigments. In India, while production of nitric acid increased at a CAGR of 1.1% from 1,088 thousand tonnes in 2016-17 to 1,136 thousand tonnes in 2020-21, consumption of nitric acid grew at a little higher CAGR of 1.6% to 1,150 thousand tonnes in 2020-21 from 1,080 thousand tonnes in 2016-17. Consequently, consumption of nitric acid exceeded production during the period. However, the gap between production and consumption remained in the range of 12 thousand tonnes to 26 thousand tonnes. The range bound gap in demand-supply also restricted the imports of nitric acid to the extent of 26 thousand tonnes to 36 thousand tonnes during 2017-18 to 2020-21. Exports of nitric acid remained in the lower range of 11 thousand tonnes to 16 thousand tonnes during 2016-2021.

Trend in production and consumption of nitric acid in India ('000 tonnes)



Source: CMIE

Trend in imports-exports of nitric acid in India ('000 tonnes)



Source: CMIE

b. Key players

- **Deepak Fertilisers & Petrochemicals Corp. Ltd:** DFPCL has a product portfolio which spans across industrial chemicals, bulk and specialty fertilisers, farming diagnostics and solutions, technical ammonium nitrate and value added real estate. The company earns significant amount of revenues from industrial chemicals (including TAN) and Crop Nutrition Business (CNB). It is a leading player in nitric acid output and production by the company during the year 2020-21 stood at 803 thousand tonnes. The company also has leading installed capacity of nitric acid in South West Asia*.
**South West Asia region includes Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka.*
- **Gujarat Narmada Valley Fertilizers & Chemicals Ltd:** GNFC is a joint sector enterprise promoted by the Government of Gujarat and the Gujarat State Fertilizers & Chemicals Ltd. (GSFC). Located at Bharuch, GNFC draws on the resources of the natural wealth of the land as well as the industrially rich reserves of the area. The company operates businesses mainly in the industrial chemicals, fertilizers and Information Technology ('IT') products space. The company produced 441 thousand tonnes of nitric acid in 2019-20.

- **Rashtriya Chemicals & Fertilizers Ltd:** RCFL is a fertilizers and chemicals manufacturing company with about 75% of its equity held by the Government of India. The company was accorded the coveted "Miniratna" status in 1997. RCFL manufactures urea, complex fertilizers, bio-fertilizers, micro-nutrients, 100% water soluble fertilizers, soil conditioners and a wide range of industrial chemicals.

c. End user industry and growth drivers

- **Fertilizers:** One of the very significant user industries of nitric acid is fertilizers industry. Nitric acid (a by-product of ammonia) is used in making of fertilizers like ammonium nitrate and calcium ammonium nitrate. Thus growing agricultural activities will enhance the use of fertilizers and, in turn, nitric acid.

- **Other user industries:** Nitric acid is used in several other industries which involves making of polymers like polyamides and polyurethane, manufacturing of drugs, coal tar products among others. Moreover, it is also used to purify precious metals like silver, gold and platinum. Any upward momentum in these industries is likely to support the growth of nitric acid as well. For example, higher demand for drugs due to change in lifestyles, increasing health consciousness and health insurance penetration etc. will support the rise in pharma industry. This, in turn, will result in more demand of nitric acid.

d. **Growth estimates**

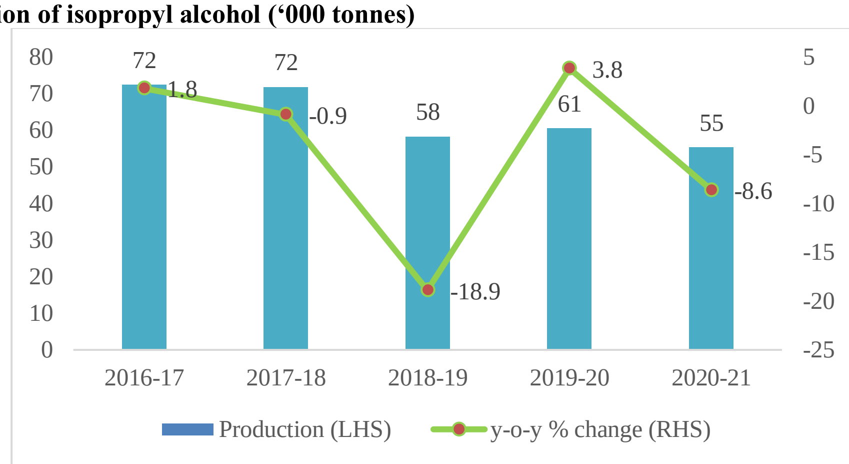
Over the past 5 years, nitric acid production has grown at a CAGR of 1.1% and consumption has increased at a CAGR of 1.6%. Also, the reliance on imports is quite minimal. As a result, the production of nitric acid is expected to grow at a similar pace in the medium term.

Isopropyl alcohol

a. **Trend in production**

Isopropyl alcohol (an organic chemical) is used as cleaning agent and finds its application in products that are used in day-to-day activities like general-purpose cleaners, paint thinners, inks, disinfectants which are effective in killing of viruses and bacteria.

Trend in production of isopropyl alcohol ('000 tonnes)



Source: CMIE

The production of isopropyl alcohol had declined by CAGR of 6% from 72 thousand tonnes in 2016-17 to 55 thousand tonnes in 2020-21. The fall of 18.9% in production during 2018-19 primarily caused the decrease in CAGR. Following this, the output increased in 2019-20 by 3.8% to 61 thousand tonnes. The production however declined by 8.6% to 55 thousand tonnes due to the spread of Covid-19 pandemic which disturbed the production in industries like paints, coatings, cosmetics among others.

In terms of trade, India has been traditionally depending on imports of isopropyl alcohol to meet the domestic requirements. The consumption of IPA has remained high in the range of 180 to 210 thousand tonnes in last three years, thereby leading to a significant import in the range of 120 to 150 thousand tonnes in the same period.

b. **Key players**

Deepak Fertilisers & Petrochemicals Corpn. Ltd: DFPCL has a product portfolio which spans across industrial chemicals, bulk and specialty fertilizers, farming diagnostics and solutions, technical ammonium nitrate and value added real estate. The company earns significant amount of revenues from industrial chemicals (including TAN) and Crop Nutrition Business (CNB).

The company is a leading player in production of isopropyl alcohol and the output of isopropyl alcohol by DFPCL stood at around 55 thousand tonnes during the year 2020-2021.

Deepak Nitrite: Deepak Nitrite had commissioned premium grade isopropyl alcohol plant with a capacity of 30,000 MTPA in April 2020. Further as per the company's annual report for 20-2021, the company is underway to commission the second phase of isopropyl alcohol manufacturing which will double the capacity to 60,000 MTPA.

c. **End user industry and growth drivers**

- **Cleaning agent:** It can be used as a constituent of general purpose cleaner or on a standalone basis or as a solvent. This chemical does not causes corrosion when applied to plastics or metals and thus can be used widely on various surfaces even like glass or screens.

- **Industrial cleaner:** It is used in cleaning of some electronics or components which cannot be cleaned with water. Isopropyl alcohol vaporises very quickly which leaves the components free of residues and thus is effective industrial cleaner.

- **Disinfectant:** It is used as disinfectant in hospitals, medical locations, pharma laboratories. The chemical also finds its application in making of hand sanitizers, disinfectant wipes etc.

d. Growth estimates

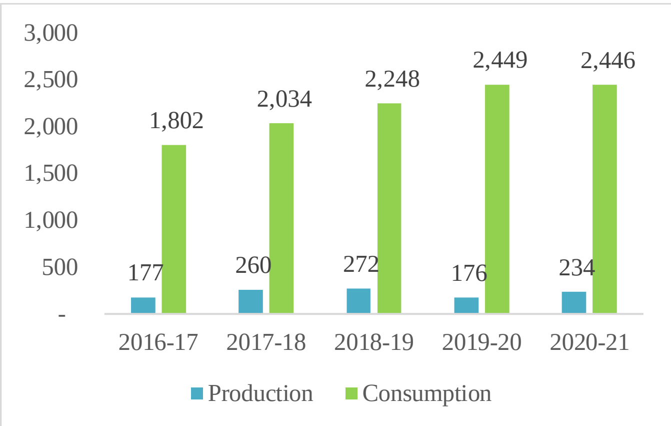
The demand outlook for isopropyl alcohol is expected to be firm backed by an increase in adoption of hygiene practices on account of Covid-19 pandemic. This is likely to support the demand for hand sanitizers and surface disinfection applications going forward. Also, the usage of isopropyl alcohol that was disturbed in 2020-21 due to Covid-19 is expected to gain momentum in the current year.

Methanol

a. Trend in production and trade

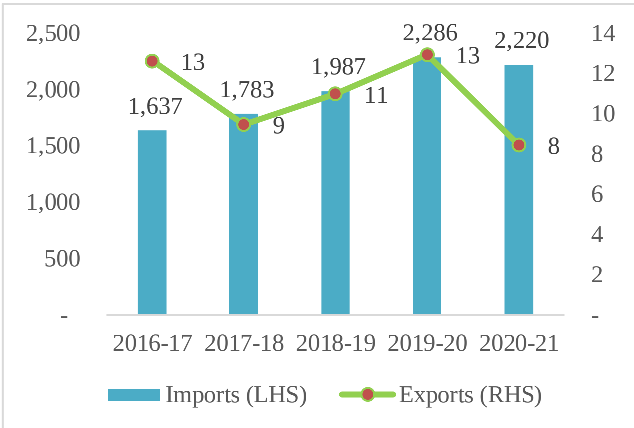
Methanol is an organic chemical which is used as a solvent in pharmaceuticals, paints, inks, resins, adhesives, dyes among others. It is also used as a common source of fuel in factories, electricity generation, and vehicle fuel among others.

Trend in production and consumption of methanol in India (‘000 tonnes)



Source: CMIE

Trend in import-exports of methanol in India (‘000 tonnes)



Source: CMIE

India is highly dependent on imports of methanol to fulfill the domestic requirements as can be seen in the above charts. While the production of methanol in India has grown at a CAGR of 7.2% during 2016-17 to 2020-21, the output remained in the range of 176 thousand tonnes to 272 thousand tonnes during the period. The output quantity is significantly low than the domestic needs which too has increased at a similar CAGR of 7.9% from 1,802 thousand tonnes (1.8 million tonnes) in 2016-17 to 2,446 thousand tonnes in 2020-21. Factoring in the demand-supply gap, India imports methanol in bulk quantities which too has grown at a CAGR of 7.9% from 1,637 thousand tonnes in 2016-17 to 2,220 thousand tonnes in 2020-21. Methanol exports form a very small quantity of methanol trade in India where the country exported only 8 thousand tonnes of methanol in 2020-21.

b. Key players

- **Assam Petrochemicals Ltd:** APL is a state level public sector undertaking of Government of Assam. Assam Industrial Development Corporation Ltd. (AIDC) promoted the company for manufacture of methanol from natural Gas which was abundantly available in the adjoining oil field in the Upper Assam. The company is engaged in the business of manufacturing, selling of chemicals methanol & formaldhedyde. Output from the company stood at 33 thousand tonnes in 2019-20.

- **Deepak Fertilisers & Petrochemicals Corpn. Ltd:** DFPCL has a product portfolio which spans across industrial chemicals, bulk and specialty fertilisers, farming diagnostics and solutions, technical ammonium nitrate and value added real estate. The company earns significant amount of revenues from industrial chemicals (including TAN) and Crop Nutrition Business (CNB). The company produced 2.8 thousand tonnes of methanol in 2020-21 compare to 18 thousand tonnes of methanol in 2019-20.

- **Gujarat Narmada Valley Fertilizers & Chemicals Ltd**: GNFC is a joint sector enterprise promoted by the Government of Gujarat and the Gujarat State Fertilizers & Chemicals Ltd. (GSFC). Located at Bharuch, GNFC draws on the resources of the natural wealth of the land as well as the industrially rich reserves of the area. The company operates businesses mainly in the industrial chemicals, fertilizers and Information Technology ('IT') products space.
- **Rashtriya Chemicals & Fertilizers Ltd:** RCFL is a fertilizers and chemicals manufacturing company with about 75% of its equity held by the Government of India. The company was accorded the coveted "Miniratna" status in 1997. RCFL manufactures urea, complex fertilizers, bio-fertilizers, micro-nutrients, 100% water soluble fertilizers, soil conditioners and a wide range of industrial chemicals.

c. End user industry and growth drivers

- **Pharmaceuticals:** Methanol is used as a solvent in pharma industry for making drugs. The pharma industry is expected to continue to rise backed by growth in presence of chronic diseases, increasing per capita income, improvement in access to healthcare facilities and penetration of health insurance.

- **Paints:** Methanol is applied in paints industry as a solvent. The demand for paints industry is likely to improve on account of expected growth in construction and infrastructure activities.

- **Fuel:** The Methanol Economy programme which is aimed at lowering India's oil import bill, greenhouse gas (CHG) emissions is expected to aid the demand for methanol going forward. Also to support the programme, promotion of methanol to replace other fuels in transport sector, energy sector and retail cooking is likely to increase the demand for methanol.

d. Growth estimates

All the factors mentioned above which includes the growth drivers are likely to augment the demand for methanol. The Methanol Economy programme however is expected to lead the growth for methanol industry.

Mining chemical products (TAN)

Ammonium nitrate is widely used in areas of agriculture, mining, pharmaceuticals and other chemical processing industries. Ammonium nitrate is made out of an acid-based reaction which involves concentrated nitric acid and anhydrous ammonia. It forms a solution that has around 83% concentrations and from this the surplus water is vaporized. The so called (Ammonium Nitrate) AN melt is then created into prills. The high density prills are generally considered for fertilizer application and the low density prills are preferred by industrial users (or in to granules). Prills and granules both may be processed going ahead to prevent caking.

Technical Ammonium Nitrate (TAN) which is used in the domestic explosive market is actively produced by four companies in India. TAN produced in India involves Low Density Ammonium Nitrate (LDAN) and High Density Ammonium Nitrate (HDAN) which are solid grades and AN melt.

Licensed production capacity of ammonium nitrate in India

Of the total licensed installed production capacity of 938.7 thousand MT ammonium nitrate in India, Smartchem Technologies Limited (a wholly owned subsidiary of Deepak Fertilisers and Petrochemicals Corporation Limited) is the largest manufacturers of TAN (and the only manufacturer of TAN solids in India) in India on an aggregate basis accounting for more than 50% of the total TAN capacity in India. The major capacity of 47.3% (444 thousand MT) comes from Taloja plant in Maharashtra and a capacity of 42.1 thousand MT having a share of 4.5% comes from Srikakulam plant in Andhra Pradesh as mentioned in Table below.

This is followed by Gujarat Narmada Valley Fertilizers & Chemicals, Rashtriya Chemicals & Fertilizers and National Fertilizers Limited with a contribution of 20.6%, 14.9% and 12.7%, respectively, in all-India production capacity.

Licensed production capacity of ammonium nitrate in India ('000 MT)

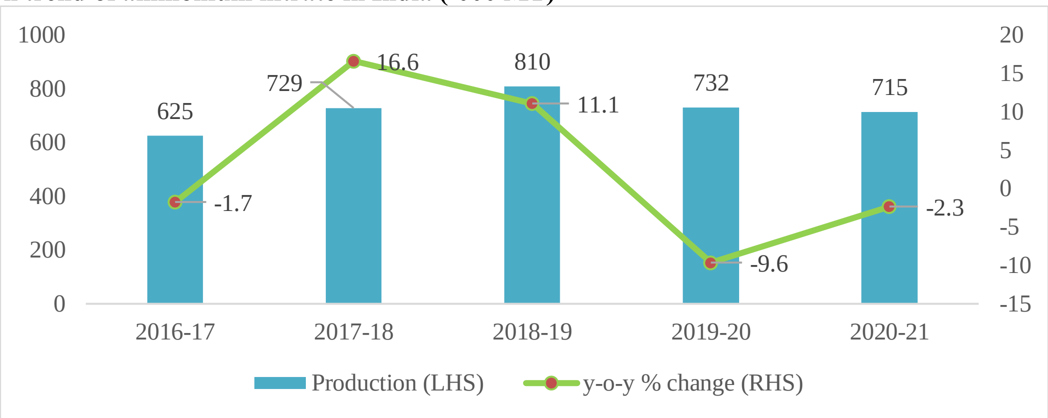
Producer	Plant region	Licensed capacity
Smartchem Technologies Limited	Taloja, Maharashtra	444.0
Smartchem Technologies Limited	Srikakulam, Andhra Pradesh	42.1
Gujarat Narmada Valley Fertilizers & Chemicals	Bharuch, Gujarat	192.9
Rashtriya Chemicals & Fertilizers	Trombay, Maharashtra	140.0
National Fertilizers Limited	Nangal, Punjab	118.8
	Installed total capacity in India	**938.7**

Source: Industry Sources, Company information

Production trend

The production of ammonium nitrate in India grew at a CAGR of 3.4% from 625 thousand MT in 2016-17 to 715 thousand MT in 2020-21. The output that had declined by 1.7% in 2016-17 increased for the next 2 years in the range of 11%-17%. Following this, the production fell by 9.6% in 2019-20 and decreased by a slower 2.3% in 2020-21.

Production trend of ammonium nitrate in India ('000 MT)



Source: Industry Sources, Company information

As per Petroleum & Explosives Safety Organisation (PESO), the output of solid ammonium nitrate in India accounts for more than 50% of the total production and the AN melt have a share of around 45% in overall domestic output.

Application, usage and end-user industry of TAN

Mining and infrastructure serves as user industries for each of the TAN products. While HDAN finds its usage in pharma and electronics industry as well, LDAN, which is used to make ANFO, is used in explosives segment as mentioned in the table below.

Details on application and usage of TAN

Products	Application	End use/industry
HDAN	Manufacturing industrial explosives	Mining
		Infrastructure
	Manufacturing anaesthesia	Pharmaceuticals
LDAN	Manufacturing ANFO (Ammonium Nitrate Fuel Oil) for use in blasting	Mining
		Explosive

		Infrastructure
AN Melt	Manufacturing industrial explosives	Mining
		Infrastructure

Source: Industry

Ammonium nitrate is one of the significant constituent used to blast topsoil to mine coal. Besides, ammonium nitrate is largely used as an explosive in mining, tunneling construction, quarrying or where dry situation exists.

Consumption and imports of ammonium nitrate

The production of ammonium nitrate in India is not sufficient to meet the overall domestic requirements in the country. As a result, India has to depend on imports to fulfill the consumption needs. The gap between production and consumption is detailed in the following table.

Demand-supply gap and imports by India ('000 MT)

Year	Consumption	Production	Gap	Imports
2016-17	903	625	278	326
2017-18	887	729	158	220
2018-19	1,048	810	238	273
2019-20	987	732	255	268
2020-21	945	715	230	241

Source: Industry Sources, Company information

The demand gap as percentage of consumption hovered in the range of 18%-31% during the 5 years 2016-17 to 2020-21. The need for this gap however has been fulfilled through imports with India being net importer of ammonium nitrate. Most of the import demand is met by shipments from Russia, Bulgaria, Turkey and Uzbekistan.

Key growth drivers and estimates

Mining: The mining sector in India has huge growth potential. Mining activity is expected to grow in the range of 6-7% in the period of next five years. Insatiable demand for metallic minerals which form almost 88% of the total value of the mineral production is expected to support the growth of the domestic mining industry. Growth in the industrial sector is expected to keep the demand of metallic minerals intact. The secular demand for natural resources is expected to be primarily driven by factors including lower per capita metal consumption in India compared to the global average, rising urbanisation, industrialisation, and government initiatives on infrastructure and housing. However, various statutory roadblocks in states such as Odisha, Karnataka and Goa for iron ore & manganese ore and regulatory issues with coal blocks, the short term (one year) outlook for the mining industry remains subdued.

Steel: In FY22, domestic crude steel production is expected to reach 112-114 million tonnes, which would be a growth of 9-11% y-o-y. CARE Ratings expects the domestic steel demand to grow at a CAGR of about 7.5% during the next 2-3 years. Steel demand will be supported by economic recovery, government spending on infrastructure, revival in capex cycle and enhanced liquidity. The Union Budget for 2021- 2022 has a sharp 34.5% y-o-y increase in allocation for Capex at 5.54 lakh crore. The budget's thrust is on infrastructure creation and manufacturing to propel the economy. Therefore, enhanced outlays for key sectors like defence services, railways, and roads, transport and highways would provide impetus to steel consumption and thus iron ore production.

Infrastructure: National Infrastructure Pipeline (NIP) was launched by the government in December 2019 with a focus on infrastructure development in order to enable the country to achieve the target of USD 5 trillion economy by FY2025. A taskforce was created to set up the pipeline. As per the final report submitted by the task force in April 2020, the pipeline covers a lot of sectors such as urban infrastructure, renewable and conventional energy, roads, railways that constitute nearly 71% of the projected total capex of ₹111 lakh cores. It also includes investments in other sectors such as rural infrastructure, ports, airports and so forth. The proposed investments will be implemented by both the government and the private sector. In the Union Budget 2021-22, the NIP was expanded to 7,400 projects from 6,835 projects and around 217 projects amounting to ₹1.10 lakh crores were completed. In addition to this, a proposal to set up a Development Financial Institution with an outlay of ₹20,000 crores was also announced.

Various other schemes by the government such as SMART cities and Swachh Bharat mission, Urban Rejuvenation Mission: AMRUT and Pradhan Mantri Gramin Sadak Yojana (PMGSY) with budgetary allocation of ₹12,294 crores, ₹13,750 crores and ₹27,500 crores, respectively, in the Union Budget of 2021-22 is expected to aid the demand for infrastructure. Also, budgetary announcements such as enhanced outlay of ₹ 1,18,101 crore for Ministry of Road Transport and Highways (MoRTH), out of which ₹ 1,08,230 crores is for capital are aimed at government's continued focus towards infrastructure development will promote infrastructure development in the country. Higher infrastructure spending will support the demand for steel and cement in India. This, in turn, will increase the consumption of raw materials, iron ore and limestone, used to make steel and cement, respectively, thus aiding the growth of mining industry.

Basis these growth drivers mentioned above are expected to augur well for the demand of ammonium nitrate going ahead. Thus the demand for ammonium nitrate is estimated to increase by around 30% from 957 thousand tonnes in 2020 to around 1,250 thousand tonnes by 2025.

Regulations in the industry

The Ammonium Nitrate Rules, 2012 was made effective by the Government of India. The aim of the rule is to provide a consistent approach throughout India and regulate the manufacturing, storage, sale, use, import, export, transport and handling of ammonium nitrate in India. This implies restricting access to ammonium nitrate to only those set of users that have legitimate requirement for the product.

The regulation of ammonium nitrate was a primary issue because of the easiness with which the product could be procured and the likelihood of it to be used as an explosive for terrorism purposes.

These rules are applicable all over India for regulating the manufacturing, conversion, import, export, stevedoring, bagging, transport and possession for sale or use of ammonium nitrate. These rules mention about pre-requisite for grant of license, general restrictions, packing of ammonium nitrate, marking on ammonium nitrate packages, recovery of spillage during handling, special precautions against accident, restrictions on unauthorized persons, provision of guards, and safety distance for storehouse, safety and security management plan, import or export by land, compliance of port rules among others.

OUR BUSINESS

Some of the information in this section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward Looking Statements" on page 17 for a discussion of the risks and uncertainties related to those statements and also "Risk Factors", "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 39, 224 and 76, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Unless the context otherwise requires, in this section, references to "we", "us", or "our" refers to Deepak Fertilisers and Petrochemicals Corporation Limited on a consolidated basis and references to "the Company" or "our Company" refers to Deepak Fertilisers and Petrochemicals Corporation Limited on a standalone basis.

Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled "Research Report on Chemicals and Fertilizer Industry in India" dated October, 2021 (the "CARE Report"), prepared and issued by CARE.

Overview

We are one of India's leading manufacturers of industrial chemicals and fertilizers with over forty years of legacy. Our product portfolio spans across industrial chemicals, bulk and specialty fertilisers, farming diagnostics and solutions, technical ammonium nitrate and value-added real estate and supports critical sectors of the economy such as infrastructure, pharmaceuticals, mining and agriculture. (*Source – CARE Report*). We are the largest manufacturers of TAN and the only manufacturer of TAN solids in India on an aggregate basis accounting for more than 50% of the total TAN capacity in India. In order to further meet the rising demand for TAN and to reduce reliance on import, we propose to set up a TAN manufacturing plant in the Eastern Coast of India. We are the leading player in production of IPA, nitric acid and has leading installed capacity of nitric acid in South West Asia *(South West Asia region includes Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka).* (*Source – CARE Report*). We are an ammonia downstream products company and hence are backward integrated in ammonia manufacturing which provides us the flexibility to manage demand variations and enables us to mitigate price volatility risks in our key raw material. Further, our manufacturing facilities at Taloja and Panipat caters to nutritional needs of agriculture sector across Maharashtra, Karnataka, Haryana and Gujarat.

We divide our business in two segments , which are Chemicals and Crop nutrition business ("**CNB**"):

Segment	Products	End use sectors
Chemicals	**Industrial chemicals:** Concentrated Nitric Acid, Diluted Nitric Acid, Iso Propyl Alcohol, methanol, Liquid CO2 **Mining chemicals:** Low Density Ammonium Nitrate ("**LDAN**"), High Density Ammonium Nitrate ("**HDAN**") and Ammonium Nitrate Melt	Pharmaceuticals, Nitro Aromatics, Paints and Coatings, Steel, Inks, Explosives, Dyes, Agrochemicals, Cosmetics, Adhesives, Health and Hygiene
Crop Nutrition	Nitro phosphate, Differentiated NPK grade and Bentonite Sulphur	Agriculture

We maintain leadership position in the chemicals across product segments.

Industrial chemicals: We are also the largest manufacturer of Nitric Acid and IPA in India. Our output of IPA stood at around 55 thousand tonnes during the Fiscal 2021 and the nitric acid output and production during the Fiscal 2021 stood at 803 thousand tonnes. We also have leading installed capacity of nitric acid in South West Asia *(South West Asia region includes Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka).* (*Source – CARE Report*) We use virgin IPA from our IPA manufacturing plant at Taloja to produce sanitizer (using WHO recommended formula), which is effective against microbes like fungi, bacteria and virus.

Mining chemicals: In mining chemicals segment, we are one of the leading manufacturers of TAN in the world producing HDAN, LDAN and Ammonium Nitrate Melt. We are the only producer of TAN solids in India. (*Source – CARE Report*) We manufacture medical grade Ammonium Nitrate which is widely used in the production of medical grade Nitrous Oxide which is used as an anesthetic and analgesic.

Crop nutrition business: Our crop nutrition business offers consistent and high purity product such as Nitro Phosphate fertilisers, NPK fertilisers, Bentonite Sulphur and water-soluble fertiliser under the brand name 'Mahadhan'. Our CNB has strong presence in Maharashtra, Karnataka and Gujarat regions which collectively known as the horticultural belt of India. (*Source – CARE Report*) We have also expanded our geographical reach to south and north states of India (Andhra Pradesh, Chhattisgarh, Haryana, Madhya Pradesh, Punjab, Rajasthan, Tamil Nadu, Telangana and Uttar Pradesh). Its products operate largely around cash crops such as sugarcane, cotton, soyabean, onion, paddy and horticulture.

We are a preferred chemical partner, offering value added and innovative customer-centric products and solutions. We have introduced several differentiated products and services across our business verticals. Our research and development capabilities coupled with our technology and stringent quality and testing standards allow us to offer a wide range of products which are abreast with the latest technological advancement. Our NACL accredited research and development vertical primarily focus on improvement of process & machine technology, manufacturing efficiency, feedstock efficiency, customization of chemicals and new product development. We also work closely with the customers for development of specialty chemicals. The continued focus on R&D has led to development of new specialty chemicals, where the realizations and margins are significantly higher as compared to the regular chemicals. Our strong focus on R&D has driven continuous product innovations such as Nitro Phosphate fertilisers, NPK fertilisers (Smartek) and Specialty fertilisers like Sulphur Bentonite with fast releasing technology. We are committed to customize our products and to serve our customers by improving portfolio mix to fulfil the ever-growing increasing industry demand.

We are headquartered in Pune with four manufacturing facilities located in Taloja (Maharashtra), Srikakulam (Andhra Pradesh), Panipat (Haryana) and Dahej (Gujarat). Our fully integrated manufacturing facility at Taloja is equipped to manage products from the stage of design to dispatch, lending us competitive advantages such as cost effectiveness and maintenance of quality standards.

The product-wise installed capacity of our four manufacturing facilities as of March 31, 2021 is as follow:

(Metric ton)

Particulars	**DNA**	**CNA**	**IPA**	**Ammonia**	**Liquid CO_2**	**Methanol**	**TAN**	**NPK**	**NP**	**Bensulf**
DFPCL	**289,210**	**231,000**	**70,200**	**-**	**72,000**	**100,000**	**-**	**-**	**-**	**-**
STL	**599,750**	**-**	**-**	**128,700**	**-**	**-**	**486,900**	**600,000**	**325,000**	**60,720**
Total	**888,960**	**231,000**	**70,200**	**128,700**	**72,000**	**100,000**	**486,900**	**600,000**	**325,000**	**60,720**

Our products conform to world-class quality standards and are preferred brands among various sectors. Our Company is certified under ISO 9001:2015, ISO 14001:2015 and BS OHSAS 18001:2007 and our wholly-owned subsidiary, Smartchem Technologies ("**Smartchem**") is certified under ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 by Bureau Veritas Certification Holding SAS – UK Branch for manufacture of dispatch of various products such as IPA, Propane, Liquid CO2, Nitric Acid, Methanol Bentonite Sulphur and Technical Grade Ammonium Nitrate (High density).

We also own and manage a specialty lifestyle retail centre – *'Creaticity'* in Pune which houses leading national and international brands of furniture and home décor, casual and fine dine outlets along with commercial and co-working spaces.

We have demonstrated strong financial performance in the past three Fiscals as depicted in the table below:

Consolidated Performance	**Fiscal 2019**		**Fiscal 2020**		**Fiscal 2021**	
	Chemical	**Fertilizer**	**Chemical**	**Fertilizer**	**Chemical**	**Fertilizer**
Segment revenue from Operations (in ₹ lakhs) (A)	4,43,953	2,27,280	2,74,517	1,91,115	3,15,749	2,63,667
Segment Result (in ₹ lakhs) (B)	51,725	(3,886)	41,358	3,344	74,439	19,751
Segment margin (A/B) (%)	12%	-2%	15%	2%	24%	7%

Our Strengths

We believe that our business has the following key competitive strengths:

1. Our leadership position in key products and diversity in terms of product portfolio

We are engaged in the manufacturing of (i) Industrial Chemicals such as Nitric Acid, IPA, Methanol and Food Grade Liquid Carbon Dioxide; (ii) Mining Chemicals such as Technical Ammonium Nitrate and (iii) Crop Nutrition products such as Nitro Phosphate Fertilisers, NPK Fertilisers (Smartek) and Specialty Fertilisers like Bentonite Sulphur, Water Soluble Fertilisers and Crop Specific Fertilisers . We believe that our diversified and comprehensive product portfolio and large customer base spread across several regions and customer categories, diminishes the risks associated with the dependence on any particular product, customer or geography. We also believe that we have a diversified clientele and are not significantly dependent on a few customers for the success of our business. For Fiscal 2021, our top 10 customers of Industrial Chemical and TAN business contributed to 19% of the total revenue from operations on a consolidated basis.

We maintain leadership position in the industrial chemicals across product segments. We are one of the leading manufacturers of TAN in the world producing High-Density Ammonium Nitrate (HDAN), Low-density Ammonium Nitrate (LDAN) and Ammonium Nitrate Melt and we are the only producer of Ammonium Nitrate Solids in India. (*Source – CARE Report*) We also manufacture medical grade Ammonium Nitrate which is widely used as an anesthetic and analgesic. We are also the leading player in production of IPA, nitric acid and has leading installed capacity of nitric acid in South West Asia *(South West Asia region includes Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka).* (*Source – CARE Report*). We are one of the major manufacturers of Food Grade Liquid CO2 and Methanol. (*Source – CARE Report*).

In enhanced efficiency fertilisers segment in India, we have 20% market share in water soluble fertiliser and more than 40% market share in Bentonite Sulphur. We are also a leading manufacturer of NP/NPK in western region and market leader in NP and NPK market in Maharashtra with a market share of about 19%. (*Source – CARE Report*).

In crop nutrition business, we take research-based approach to provide better product to farmers. We are continuously developing innovative products and solutions that focus on the requirements of nutrition management of different crop segments, farmer requirement of improving soil health and crop productivity which will lead to higher yields of better quality. Our pull-based organisation structure enables communication of value proposition of these innovations.

Strong entry barrier in access to Ammonium Nitrate: Ammonium Nitrate is governed by Ammonium Nitrate Rules, 2012 ("**Ammonium Nitrate Rules**") in India. These rules are applicable all over India for regulating the manufacturing, conversion, import, export, stevedoring, bagging, transport and possession for sale or use of ammonium nitrate. The Ammonium Nitrate Rules captures the pre-requisite for grant of license, general restrictions, packing of ammonium nitrate, marking on ammonium nitrate packages, recovery of spillage during handling, special precautions against accident, restrictions on unauthorized persons, provision of guards, and safety distance for storehouse, safety and security management plan, import or export by land, compliance of port rules among others. This implies restricting access to ammonium nitrate to only those set of users that have legitimate requirement for the product. (*Source – CARE Report*). Therefore, being a regulated product and the high capital intensity in setting up a large capacity Ammonium Nitrate plant, along with technology know-how required serve as a strong entry barrier for any new entrant in this market. Further, we believe that our proposed ammonia plant in Taloja will further enable us to become self-reliant in meeting Ammonium Nitrate demand.

For the Fiscal 2021, our sales value by products comprised of 25.74% from TAN, 28.31% from industrial chemicals, 45.64% from crop nutrition products and 0.32% from other products. Below is the table depicting the revenue share for our key products:

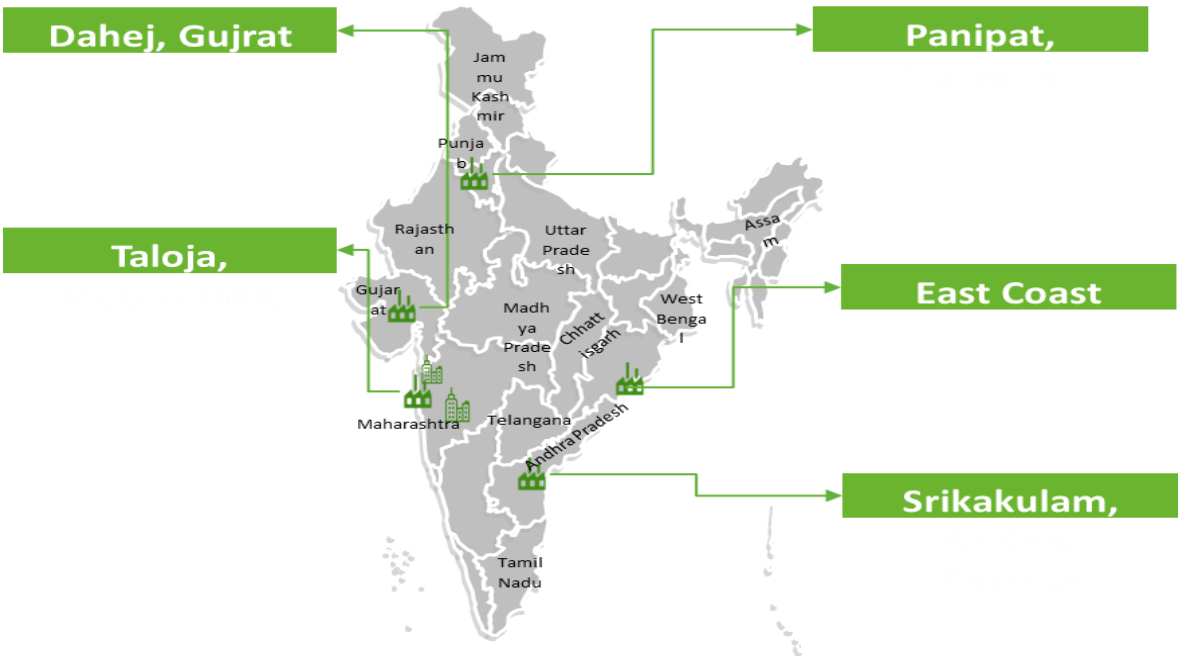
REVENUE MIX FOR KEY PRODUCTS

Products	FY20-21
ANP, NPK, Bensulf, WSF	37.37%
TAN	25.74%
Bulk Chemical Trading	8.61%
Nitric Acid	8.98%
IPA and Propane	10.67%
Outsourced Bulk Fertilisers	5.72%
Outsourced Agro Speciality	2.55%
Others	0.32%
Methanol	0.06%

We are also a preferred partner for major mining and industrial explosives companies in India due to: a) ability to provide "Just-in-time Delivery" and "Supply Security"; (b) substantial market share; (c) ability to provide lower blasting cost and improve downstream productivity through LDAN-based ANFO and High Energy Emulsion blend explosives and (d) our extensive and country-wide Ammonium Nitrate warehouse network provides flexibility to cater to customer demand and needs.

2. Strategically located manufacturing facility

We manufacture our products at our four manufacturing facilities located in Taloja (Maharashtra), Srikakulam (Andhra Pradesh), Panipat (Haryana) and Dahej (Gujarat). Our key raw materials include ammonia, phosphoric acid, refinery grade propylene, and natural gas. We import raw materials such as Phosphoric acid, Potash and ammonium sulphate used in the manufacture of our products. Our state-of-the-art manufacturing facilities are strategically located at the eastern and western coasts of India to efficiently cater to the domestic as well as international markets. We believe that our location provides us with immense flexibility to direct our sales into markets that will yield a lower price for our product. Being located in different parts across India, we have access to a comprehensive network of railways and highways. Further, the close proximity of our manufacturing facilities to states with the higher cash crop production volume ensures that we are situated in close proximity to the majority of our end market users. Our geographical footprint is depicted below:



3. ***Synergistic business model with backward integration in ammonia value chain which provides flexibility to manufacture and manage demand variations***

Ammonia is the starting raw material for the production of most of our key products in all our three segments Industrial Chemical, Mining Chemical & Fertilizers. It is an inorganic chemical which finds its usage in fertilizers, household cleaning products and various industrial uses. India's consumption of ammonia exceeds production and thus the country has to rely on imports to fulfill the domestic requirements. (*Source – CARE Report*) We manufacture ammonia at our manufacturing facility in Taloja and we also import ammonia to meet our requirement. The ammonia which is produced at our manufacturing facility in Taloja or imported from other countries is used as a raw material for feed stock for products like Nitric Acid, TAN & Fertlizers of our Company. In order to achieve a long-term firm source of ammonia, it is critical to have an owned ammonia facility. The backward integration will help enhance and capture value in our total manufacturing chain and as a consequence enable us to mitigate price volatility risk in our key raw materials. Our proposed ammonia plant is located in the vicinity of existing manufacturing complex at Taloja and will take away the infrastructure constraints and cost inefficiencies like storage, Port Congestion & resulting incidences of demurrages, transportation of large volumes from Port to Plant, significant sea & inland transportation costs. The proposed Ammonia plant is based on KBR's Purifier^{TM} Process, a low energy natural gas reforming process, offered and licensed by KBR. The proposed plant capacity is about 510,000 MT. We believe that this will substantially reduce the energy consumption, increase in operational efficiency and expand our existing capacity.

4. ***Recognised brand recall and customer retention in crop nutrition, TAN and industrial chemical segment***

Due to our brand recall and industry reputation, we have managed to maintain long-term relationship with our customers. We believe that *"Mahadhan"* brand is instantly recognisable amongst the populace in India, due to its long presence in the Indian market. We have been catering to the farming community for over 25 years, providing them with high quality products to help them improve their yield and quality of produce. We offer a basket of 48 products which include bulk fertilizers, specialty fertilizers, water soluble fertilizers, micro nutrients and secondary nutrients, catering to farmer's every crop nutrient requirement. *Building* rapidly on the strength and mass coverage of 'Mahadhan' in bulk fertiliser, our Company introduced a premium brand 'Smartek' in value-added fertiliser segment in Fiscal 2018. Since its introduction, 'Smartek' has rapidly gained mass acceptance for its superior farm outcomes and positioned as a premium brand.

Our bulk and specialty fertilizer product and solutions include products for soil health management, water management, products for different methods of application such as soil application, fertigation and foliar spray. The products are thoroughly evaluated on multiple crops such as field crops, fruit crops, plantation crops, vegetable crops in different agronomic situations and seasons. This enables us to screen the products and choose the best one. Our team of qualified and experienced agriculture scientists is working on developing these technologies with establishment of clear value proposition and helping to clearly communicate the same to the customers. We also embarked on crop-specific market development campaigns including promotional activities, crop seminars, farmer meetings and product demonstrations across farmer fields.

We have been catering to the needs through stable and secure supplies to Industrial Explosives Manufacturers, Mining Operators, Stone Quarry Operators and Medical Nitrous Oxide manufacturers. Being the only supplier of Solid Ammonium Nitrate in India with country wide warehouse network has resulted in industry leading market share in India. Our key products and brands are: HDAN Explosive Grade-Optiform, Optiform Plus, Vertex Norma, Vertex Crystal; HDAN Medical Grade-(Optispan, Vertex Supreme); LDAN-Optimex, Optimex Plus, Optiblast, Vertex Super; and AN Melt-Ammonium Nitrate Solution. During Fiscal 2021, we forayed into the business of hand sanitisers, disinfectants and wipes segment with our IPA-based product brand called 'Cororid' which received good response from the domestic market, including B2B as well as B2C segments.

Considering the nature of our business, we typically enter into medium/short term agreements. Some of our key customers include Solar Energy India Limited, Aarti Industries Limited, Nitrex Chemicals India Limited, Panoli Intermediates (India) Private Limited and IDL Explosives Limited.

5. ***Experienced Promoters and management team***

We are led by a qualified and experienced management team that we believe has the expertise and vision to manage and grow our business. Our individual Promoters have over 40 years of experience in the industry. In addition to our individual Promoters, we believe that our senior and mid-level management teams are also very experienced. Key members of our senior management team include Amitabh Bhargava, Arun Vijayakumar, D. Banerjee, D.S. Ravindra Raju, Mahesh Girdhar, Naresh Kumar Pinisetti, Pandurang Landge, Rajiv Rao, Romy Sahai, Shyam Sharma, and Tarun Sinha who have extensive experience in their respective business functions. Our senior management team has over a decade of experience each in contribution to revenue growth. We believe that the knowledge and experience of our Promoters, along with senior and middle-management, and our team of research and development personnel provide us with a significant competitive advantage as we seek to expand in our existing markets and enter new geographic markets.

6. Robust financial performance

Our revenue from operations for the Fiscal 2021 were up by 24% as compared to Fiscal 2020, and net profit grew by more than 4.5 times as compared to Fiscal 2020. EBITDA has doubled as compared to Fiscal 2020 with the EBITDA margins at 16.45% for Fiscal 2021. As on March 31, 2021, we significantly reduced our debt during Fiscal 2021 with Net Debt/Equity reduced from 1.20 in Fiscal 2020 to 0.65 in Fiscal 2021, while Net Debt/EBITDA reduced from 5.74 in Fiscal 2020 to 1.91 in Fiscal 2021. The delivery of profitable growth has been consistent across both our Chemicals and Fertiliser businesses with former contributing 81% to the overall operating profits share in Fiscal 2021. The strong financial performance is reflective of the various measures that we have taken over the last couple of years such as value proposition yield, focus on quality, focus on service levels at the field level, improvement of operational efficiency, better working capital management, debottlenecking of manufacturing sites, technological advancement and above all the move from a commodity player to specialty. In Fiscal 2021, our cash generation from operations stood at healthy levels of ₹1,24,750 lakhs.

Our Company reported total revenues of ₹ 4,68,538 lakhs in Fiscal 2020 compared to ₹ 6,74,206 lakhs in Fiscal 2019. We consolidated our trading portfolio with a focus on high-margin products (as a result of which chemical trading consciously declined by ₹ 1,40,488 lakhs and fertiliser trading reduced by ₹ 41,900 lakhs.) The result of this conscious approach was that operating margins increased to 9.9% in Fiscal 2020 compared to 6.8% in Fiscal 2019. We embarked on crop-specific market development campaigns including promotional activities, crop seminars, farmer meetings and product demonstrations across farmer fields. We also focused on various sales and distribution efficiency improvement areas, including sales team automation and the development of alternative vendors for key raw materials and launched crop-specific grades in the water-soluble category.

Our Strategies

Our key strategies are as follows:

1. *Expansion, innovation and development of our key product segments*

We aim to continue to expand our existing product capacity in-line with growing market and diversify our product portfolio where there are opportunities to leverage our existing brand and extensive dealer and distribution network. In addition, we will continue to look for other new product opportunities to extend and expand our product range as we believe that there is significant demand for these products in the market.

- TAN

TAN Products are used in the end-user applications of Mining & Infrastructure industries. HDAN is the primary raw materials in the production of industrial explosives which finds applications in Mining & Infrastructure industry. HDAN is also used in the production of medical nitrous oxide catering to the Pharma sector. LDAN is used to make ANFO (Ammonium Nitrate Fuel Oil) based explosives, which are directly used by end-users such as Coal Mining companies for blasting of overburden (top-soil), Cement companies for limestone production, Stone Quarry operators for stone aggregate production. Due to the widening supply-demand gap of TAN in India, a new TAN manufacturing facility is being proposed to be set-up in the Easter Coast of India. (*Source – CARE Report*). The proposed new plant will help in import substitution in line with the Aatmanirbhar Bharat Abhiyan campaign of Government of India.

The gap between production and consumption is detailed in the following table:

Demand-supply gap and imports by India (‘000 MT)

Year	Consumption	Production	Gap	Imports
2016-17	903	625	278	326
2017-18	887	729	158	220
2018-19	1,048	810	238	273
2019-20	987	732	255	268
2020-21	945	715	230	241

Source: Industry Sources, Company information, CARE Report

We are the only manufacturer of solid TAN in India.(*Source – CARE Report*) We are keen on leveraging our strength and expanding our existing capacity and focus on meeting the domestic demand for TAN while supporting government schemes such as Production Linked Incentives under the Aatmanirbhar Bharat Abhiyan campaign and the government's aim to develop a complete manufacturing ecosystem in the country. We intend to develop new products/solutions/services/business models to cater to specific end use segments/ customer requirements and forward integrate into explosives and provide technical services solutions to mining customers and end-users. We further intend to shift from commodity products to specialty products, services and customised solutions engaging directly with end-users and TAN consumers. We are investing in developing capabilities in providing technical services to end-users, operational capability to forward integrate and provide down-the-hole services to end-users.

In order to meet the rising demand for TAN, we also propose to set up a TAN manufacturing plant through our wholly owned subsidiary, Smartchem near DLCT-1, Domestic Tariff Area, Gopalpur Industrial Park, Chamakhandi in the Eastern Coast of India. The plant is ideally positioned to capitalise on the strong demand growth in the East and adjoining central regions. The proposed plant is strategically located near the major mining hubs to capture domestic demands, and the Gopalpur port for export opportunities. The proposed plant capacity is about 377,190 MTPA for Technical Ammonium Nitrate Solution and 330,000 for Technical Ammonium Nitrate Prill.

- *IPA and solvents*

IPA is used as cleaning agent and finds its application in products that are used in day-to-day activities like general-purpose cleaners, paint thinners, inks, disinfectants which are effective in killing of viruses and bacteria. The production of isopropyl alcohol had declined by CAGR of 6% from 72 thousand tonnes in 2016-17 to 55 thousand tonnes in 2020-21. The fall of 18.9% in production during 2018-19 primarily caused the decrease in CAGR. Following this, the output increased in 2019-20 by 3.8% to 61 thousand tonnes. The production however declined by 8.6% to 55 thousand tonnes due to the spread of Covid-19 pandemic which disturbed the production in industries like paints, coatings, cosmetics among others. In terms of trade, India has been traditionally depending on imports of isopropyl alcohol to meet the domestic requirements. The demand outlook for isopropyl alcohol is expected to be firm backed by an increase in adoption of hygiene practices on account of Covid-19 pandemic. This is likely to support the demand for hand sanitizers and surface disinfection applications going forward. Also, the usage of IPA that was disturbed in Fiscal 2021 due to Covid-19 is expected to gain momentum in the current year. (*Source – CARE Report*)

The IPA produced at our Taloja plant is of international quality and standards and meets stringent norms of the pharmaceutical and cosmetics industry. We have developed differentiated grade of IPA based on the requirements of various end consumer segments. We have launched our own brand (Cororid ^{TM})of IPA based, value added, formulated hand sanitizers and surface disinfectants for retail, institutional & hospital use.

- *Nitric acid*

Nitric acid is an inorganic chemical used in the making of fertilizers like ammonium nitrate and explosives like trinitrotoluene (TNT) and nitroglycerin. It is also used in preparation of dyes. In India, while production of nitric acid increased at a CAGR of 1.1% from 1,088 thousand tonnes in Fiscal 2017 to 1,136 thousand tonnes in Fiscal 2021, consumption of nitric acid grew at a little higher CAGR of 1.6% to 1,150 thousand tonnes in Fiscal 2021 from 1,080 thousand tonnes in Fiscal 2012. Consequently, consumption of nitric acid exceeded production during the period. However, the gap between production and consumption remained in the range of 12 thousand tonnes to 26 thousand tonnes. (*Source – CARE Report)*

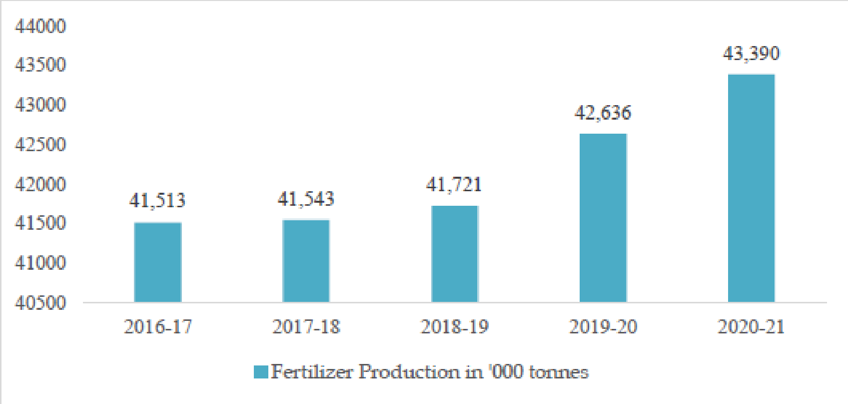
We are foraying into innovative new products and application solutions in order to develop adjacent and downstream derivatives of nitric acid. We have crossed 90% capacity utilisation at Dahej Nitric Acid complex during the 2nd year of commissioning in the calendar year 2019 and initiatives have been taken for further improve the efficiency and capacity utilisation.

Crop Nutrition Business

The fertilizers industry has registered a growth in production since Fiscal 2014. The industry was largely unaffected during the pandemic year of Fiscal 2021 due to agriculture, the industry's consumer, being classified as an essential service. Fertilizer production is expected to continue on its growth trajectory during Fiscal 2022 as well. It is expected to grow at its usual rate of 1-3 % during the year. (*Source – CARE Report*)

The below graph depicts the production trend of fertilizer industry:

Chart 15: Production trend of fertilizer industry (in thousand tonnes)



Source: CMIE

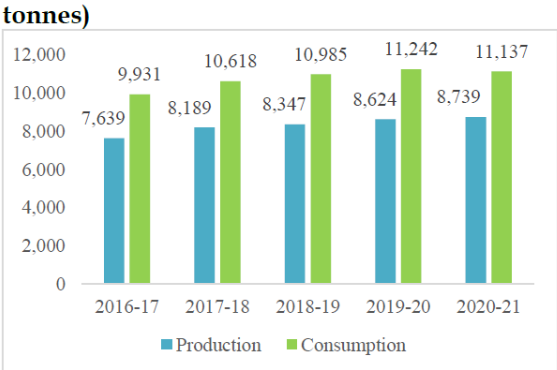
NPK fertilizers include elements nitrogen (N), phosphorus (P) and potassium (K). These elements help improve growth, health and look of the plants. The fertilizer is added to soil for betterment of plants. (*Source – CARE Advisory Research*) In line with the strategy to move from commodity to specialty, value-added and innovative products, and building rapidly on the strength and mass coverage of 'Mahadhan' in bulk fertilizer, we had introduced enhanced efficiency NPK Fertilisers under the brand of 'Smartek'. It is a unique product established by proprietary manufacturing process of the Company. It enhances nutrient bio availability Nutrient Unlock Technology which enhances nutrient efficiency and crop performance through profuse root growth, increases plant height, number of branches, number of grains, number of fruits and yield. This results in more than 10% increase in yield and increase in farmer income and has very well established its value proposition for various focus crops.

Our Company is promoting Sulphur, an essential nutrient for crop productivity, through Bensulf, which comprises 90% sulphur. In Fiscal 2021, we have also launched 'Super-fast Bensulf' which was well received in the market with encouraging farm results. We decided to shift the whole of our 'Super-fast Bensulf' production for retail sales only. We also focus on growing high margin crop specific water soluble fertilizer and have recently launched a crop-specific water soluble product addressed to crop needs of grapes and tomato.

2. Backward integration to Ammonia and its benefits through Ammonia Plant, Taloja

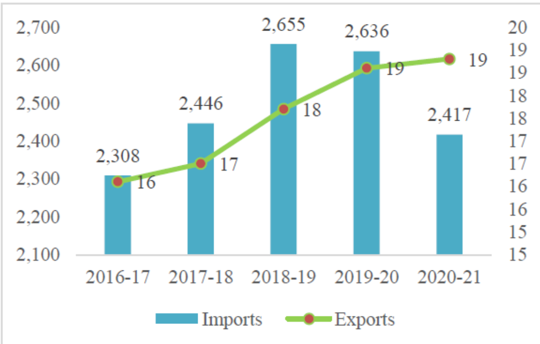
Ammonia is an inorganic chemical which finds its usage in fertilizers, household cleaning products and various industrial uses. India's consumption of ammonia exceeds production and thus the country has to rely on imports to fulfill the domestic requirements. As a result, imports of ammonia increased at a CAGR of 1.2% to 2.4 million tonnes in Fiscal 2021 from 2.3 million tonnes in Fiscal 2017. Exports of ammonia from India are very minimal and they grew at a CAGR of 4% to 19 thousand tonnes in 2020-21 from 16 thousand tonnes in 2016-17. (*Source – CARE Report*)

Chart 29: Trend in production and consumption of ammonia in India ('000 tonnes)



Source: CMIE

Chart 30: Trend in import-export of ammonia ('000 tonnes)



Source: CMIE

Our consolidated revenue is heavily dependent on Ammonia as a key raw material. We are proposing to set up a state-of-the-art manufacturing plant at Taloja for the production of Ammonia with a capacity of 510 KTPA with expected completion by Fiscal year 2023. The entire production of Ammonia for this plant will be used for captive purposes. This will lead to zero dependence on imports or domestic third-party suppliers for Ammonia and will enable us to control volatile ammonia pricing and provides greater margin stability. Given the demand of Ammonia at the Taloja plant, we believe that there is no off-take risk.

We have acquired the land required for the project execution and have obtained the 'Consent to Establish' certificate from the competent authority. We have also been awarded EPC contract and a substantial part of equipment has already been received. Thus, the risk associated with the specific project appears to be low due to the advanced stage of the project in terms of land acquisition, environmental approval, acquisition of long lead items, strong EPC contractor and long-standing experience of the promoting company.

3. Customer retention and geographic expansion

Our leadership position enables us to leverage our relationship with customers, providing potential to increase the products being sold and strengthen our reputation. In order to retain our existing customers, we have developed in-house research and development capabilities to collaborate with our customers to understand consumer preference and develop new product applications to cater to the needs of our customers. We believe that our ability to provide customized products to suit customer needs and provide the customers with a value addition has helped us in expanding our customer base and retaining our customers. We have forward integrated through lease agreements with a couple of explosives manufacturing companies through which we are moving closer to the end user in providing the final finished product suiting the customer's use.

We intend to further diversify our customer base. It will enable us to maintain our position in the market. We believe that our expansion plans would strengthen and diversify our customer base. We also intend to continue to leverage our products and credentials with our international customers to further develop and strengthen our presence in the exports market.

We have developed a strong pull based organisation structure to enable communication of value proposition of our product to farmers. The pull team started engaging with farmers of focus crops in potential markets through various means of BTL activities, laying of large number of product demos, demo site meeting and organised farmer meeting. This initiative was further enhanced during the pandemic when the digital intervention was enhanced through one-to-one farmer calling, online webinars and social media engagement using Facebook, YouTube, Whatsapp and Mahadhan mobile application.

Our flagship brand 'Mahadhan' is a household name among farmers in its operating geographies, which is aided by a seamless product flow through a distribution network of more than 3,800 distributors and more than 20,000 retailers having access to approximately 80 lakhs farmers across 12 states. Further, being the only supplier of Solid Ammonium Nitrate in India with country wide warehouse network has resulted in industry leading market share in India.

4. Strengthen distribution network and retail sales

Our business is predominantly conducted on a B2B basis except for certain products in crop nutrition business where we are involved on a B2C basis. Our focus is on maintaining constant contact with customers and to ensure timely delivery. Sales and marketing initiatives is undertaken by our product managers, the business development team and the sales team.

Our business development team seeks out new geographies and identify new products. Our sales and distribution teams are segregated by geography and is responsible for the sales of our products at the ground level. We intend to strengthen our distribution and sales network in order to expand our geographical reach. Our Company will continue to work on strengthening its crop nutrition brands such as "Mahadhan". During the Fiscal 2021, the Company tied up with Samunnati, a specialised Agri Value Chain enabler to offer crop-based advisory and access to affordable loans to farmers under FPOs (Farmer Producer Organisations). This tie-up intends to cover farmers under FPOs across four states to help them improve yields, quality and earnings.

Major Events

Our milestones are as under:

Year	Particulars
1982	Initial public offering
1983	Commissioning of the ammonia plant
1991	Commencement of the dilute nitric acid and concentrated nitric acid plant
2001	Started the fertilisers business under brand name “Mahadhan”
2006	Commissioning of IPA Plant at Taloja
2007	Started operation of Creaticity (Ishanya Mall)
2010	Commissioning of TAN Project at Taloja
2017	Commissioning of commercial production of new NPK grade fertilizers at a new plant in Taloja, Maharashtra
	Setting up of a brownfield IPA at Taloja, Maharashtra
2019	Commencement of commercial production of nitric at Dahej, Gujarat
2020	Foray into manufacturing of sanitisers

Awards

Year	**Award**
2020	‘Chemicals & Petrochemicals Supply Chain Innovation Award’ in the Logistics Category, organised by NASSCOM and Alden
2020	‘Overall Excellence in Logistics and Supply Chain’ conducted by the Confederation of Indian Industry
2020	‘Certificate of Appreciation’ from National Safety Council of India during ‘Safety Awards 2020 Competition’ for Manufacturing Sector Group B (Manufacturing Chemicals & Chemicals Products, Manufacture of Pharmaceuticals, Medicinal Chemical and Botanical products) by our JNPT plot.
2020	‘Indian Achievers Award 2020’ for Business Leadership won by Creaticity in recognition of notable achievement of championing home furniture retail during the pandemic time through the Home & Home+Conclave.
2020	Our Dahej unit has been declared winner of Rotary Environment Excellence Award 2020 - Gold Award - in Large scale chemical sector for outstanding achievement in ‘Environment Management’.
2020	Our Dahej unit has been declared winner of Rotary Environment Excellence Award 2020 - Gold Award - in Large scale chemical sector for outstanding achievement in ‘Safety & Health Management’.
2021	Technology Senate Awards 2021 under Internet of Things category
2021	“*2021 Best in Future of Customers and Consumers*” organized by IDC Future Enterprise Awards

Our Products

Our product portfolio supports critical sectors of the economy such as infrastructure, mining, agriculture, dyes, paints & coatings, steel, cosmetics, adhesives, inks, pharmaceuticals and health & hygiene. We are engaged in the business of Industrial Chemicals, Mining Chemicals and Crop Nutrition.

Below is the list of Company’s offerings across industry verticals:

Industrial Chemicals:

We specialise in the manufacture of Iso Propyl Alcohol (IPA), Methanol, Nitric Acid and food-grade liquid Carbon Dioxide. Our production facilities are located at Taloja in Maharashtra, Dahej in Gujarat and Srikakulam in Andhra Pradesh. We also import and supplies IPA and other chemicals within India. We have an installed capacity of 1362 KTPA of Nitric Acid, Methanol, Liquid CO2 and IPA. Some of our key product offerings include Nitric Acid, Iso Propyl Alcohol, Methanol and Carbon Dioxide.

Mining Chemicals:

Our wholly owned subsidiary, Smartchem Technologies Limited is the largest manufacturers of TAN solids in India and on an aggregate basis account for more than 50% of the total capacity in India. The major capacity of 47.3% (444 thousand MT) comes from our Taloja plant in Maharashtra and a capacity of 42.1 thousand MT having a share of 4.5% comes from our Srikakulam plant in Andhra Pradesh. (*Source – CARE Report*)

We are also the producer of explosive grade ammonium nitrate solids and also manufactures medical grade ammonium nitrate for use as an anaesthetic/analgesic.We cater to the mining, infrastructure, and pharmac eutical sectors under the brand names of Optiform (HDAN), Optimex (LDAN), and Optispan (Medical Grade AN). We also have a registered trademark under ammonium nitrate explosives category named Vertex Norma, Vertex Super, Vertex Crystal. Some of our key product offerings include High Density Ammonium Nitrate, Low Density Ammonium Nitrate and Ammonium Nitrate Melt.

Crop Nutrition:

Crop Nutrition Business offers fertiliser products like nitro phosphate fertilisers, NPK fertilisers and Bentonite sulphur. We have a strong presence in Maharashtra, Karnataka and Gujarat, collectively known as the horticultural belt of India. (*Source – CARE Report*) Some of our key product offerings include Nitro Phosphate, Nitrogen Phosphorous Potassium variants, Water Soluble Fertilisers and Bentonite Sulphur.

We also launched certain crop specific and stage specific grades for tomatoes and grapes. We have launched four new products during Fiscal 2021, three in the specialty fertiliser segment and one in NP/NPK fertiliser segment. The new launches include 'Smartek 14.28.00', 'Superfast Bensulf', 'Grape Crop Specific Package' and 'Tomato Crop Specific package'.

Our manufacturing facilities

Our manufacturing facilities are equipped to manage products from the stage of design to despatch, to ensure better quality, thermally stabilised and free flowing products. The designed through put and quality parameters are achieved after comprehensive R&D and support from the process licensors. Apart from productivity, quality & innovation, we are also committed to safety, health and environment. The Food and Drugs Administration has issued the FDA license for drummed IPA as conforming to IP, BP, PHEuro, USP standards.

We are headquartered in Pune with four manufacturing facilities located in Taloja (Maharashtra), Srikakulam (Andhra Pradesh), Panipat (Haryana) and Dahej (Gujarat). Our fully integrated manufacturing facilities are equipped to manage products from the stage of design to despatch, lending us competitive advantages such as cost effectiveness and maintenance of quality standards.

Our proposed manufacturing facilities

The proposed Ammonia facility at Taloja:

Ammonia is an inorganic chemical which finds its usage in fertilizers, household cleaning products and various industrial uses. Ammonia is a key raw material across all major products of the group viz. ANP/NPK fertilizers (CNB), Ammonium Nitrate (TAN), and Nitric Acid (IC). India's consumption of ammonia exceeds production and thus the country has to rely on imports to fulfill the domestic requirements. (*Source – CARE Report)* The proposed ammonia plant is located in the vicinity of existing DFPCL/STL manufacturing complex at Taloja and will take away the infrastructure constraints and cost inefficiencies like storage, Port Congestion & resulting incidences of demurrages, transportation of large volumes from Port to Plant, significant sea & inland transportation costs. Ammonia plant shall be based on KBR's Purifier^{TM} Process a low energy natural gas reforming process, offered and licensed by KBR. The proposed plant capacity is about 510,000 MT.

The proposed TAN plant at Gopalpur, Odisha:

In order to meet the rising demand for TAN, we propose to set up a TAN manufacturing plant through our wholly-owned subsidiary, Smartchem near DLCT-1, Domestic Tariff Area, Gopalpur Industrial Park, Chamakhandi in the Eastern Coast of India. The plant is ideally positioned to capitalise on the strong demand growth in the East and adjoining central regions. Given the high-capacity utilization, our Taloja plant is currently insufficient to meet the demand-supply gap. The proposed plant is strategically located near the major mining hubs to capture domestic demands, and the Gopalpur port for export opportunities. The proposed plant capacity is about 377,190 MTPA for Technical Ammonium Nitrate Solution and 330,000 for Technical Ammonium Nitrate Prill.

Quality assurance in connection with production

We conduct product audit and quality rating on a regular basis. Quality control is essential for the success of a business, and we ensure that our products are subject to quality control tests before they are dispatched for delivery to our customers. We have established quality control departments at each of our manufacturing units. Each batch of the manufactured products is subject to quality control tests. The quality control departments ensure quality of raw materials, in-process samples and the finished products. The quality control department ensures compliance with the specifications required by our customers.

Our Company is certified under ISO 9001:2015 by Bureau Veritas Certification Holding SAS – UK Branch for marketing of Industrial Chemicals (Nitric Acid, CO2, Ammonia, IPA and Methanol) and ISO 9001:2015, ISO 14001:2015 for manufacture and dispatch of Iso Propyl Alcohol, Propane, Liquid CO2, Nitric Acid and Methanol.

Smartchem Technologies is certified under ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 by Bureau Veritas Certification Holding SAS – UK Branch for KT-Manufacturing and dispatch of Bentonite Sulphur & Technical Grade Ammonium Nitrate (High density), K-8 Manufacturing & Dispatch of Technical grade Ammonium Nitrate (Low density), and manufacturing of Nitric Acid. Smartchem Technologies is also certified under ISO 9001:2015, ISO 14001:2015 and BS OHSAS 18001:2007 by Bureau Veritas Certification Holding SAS – UK Branch for manufacture and dispatch of technical grade ammonium nitrate (Prill and melt), ammonium nitrate phosphate and nitric acid, manufacture of ammonia and for manufacture and dispatch of potassium nitro phosphate fertilizer

Marketing, Sales and Distribution

Our business is conducted both on a B2B and B2C basis and our focus is on maintaining constant contact with customers and to ensure timely delivery. We have a dedicated sales and marketing team having necessary experience in the field. Sales and marketing initiatives is undertaken by the product managers, the business development team and the sales team. The product managers are responsible for ensuring timely supplies, taking new orders, quoting rates and aids in understanding the requirements of the customers. The business development team seek out new geographies and identifies new products, which assists in corporate expansion. The sales teams are segregated by geography and is responsible for the sales of our products at the ground level.

Other customer-based initiatives

We are also expanding our market development team who will be directly in touch with farmers for technical sales, especially crop solutions. Over the years, we have created a strong brand recall and relationship with farmers by undertaking various initiatives such as:

1) Mahadhan App – One - Stop Solution for Farmers
2) Mahadhan Stars - App & website for our dealers/retailers
3) Mahadhan Connect: It is a portal for Dealers to track their day-to-day transaction
4) Complaint Management System – An integrated system for dealers to raise their complaints
5) Digital webinars, dealer meet, demo site meetings and direct farmer calling were arranged to connect with farmers and dealers
6) AN Care portal – An integrated customer management portal for TAN customers.

Research and Development

In order to mitigate the COVID-19 pandemic situation and ensure availability of alcohol based hand sanitizer, our R&D team established process as per WHO guidelines for hand sanitizer production with required purity at R&D scale. After requisite results from R&D trial, the hand sanitizer and Rubbing Alcohol is being used inhouse plant & CSIR team for mitigating the crisis scenario. Our Company has initiated setting up of a research establishment named Applied Research, Training & Innovation Centre with an objective of developing our business of new generation products that are innovative, differentiated with a technological edge and hence, delivering more value to the customers of our Company.

Our Competition

The Indian fertilizer industry is very competitive and includes a number of well-established fertilizer manufacturers. Competition in our business is based on pricing, relationships with customers, product quality, customisation and innovation. In chemicals sector, we face price pressures from foreign companies that are able to produce chemicals at competitive costs and consequently, supply their products at cheaper prices. Our position in relation to our competitors will depend upon effective marketing initiatives, retail distribution, product mix and our ability to anticipate and respond to various competitive factors facing the industry, including pricing strategies by competitors, our ability to source raw materials cost effectively, make required investments to improve our distribution network, eliminate redundancies and increase production at low-cost, high-quality supply sources. For further information, see "*Risk Factors*" on page 39.

Insurance

We have obtained specialised insurance for manufacturing risks, statutory liabilities and third-party liabilities. We generally maintain insurance covering our assets and operations at levels that we believe to be appropriate for our business at reinstatement values. In addition, we maintain a standalone terrorism policy which covers physical loss or damage caused to real and personal property due to an act of terrorism We also maintain a liability insurance policy as mandated under the Public Liability Insurance Act, 1991 in order to indemnify us against statutory liability arising out of accidents occurring due to the handling of hazardous substances.

Human Resources

As of August 31, 2021, our Company employed 2,056 employees at our facilities in India. The following table sets forth a breakdown of our employees by function as of August 31, 2021:

Function	Number of Employees
Chemical	31
Crop Nutrition Business	271
TAN	62
Corporate Sourcing	12
Corporate Finance	47
Corporate HR	17
Corporate Strategy	21
Other Corporate Functions	17
Manufacturing	1,504
Project	49
VARE	25
Total	**2,056**

We have initiated various human resource development programs to drive the business transformation agenda. We continued to deploy our three prolonged approach towards harnessing talent at various levels. Aimed to strengthen our leadership talent pool at the senior level, we launched a "Business Leadership Development Program" that focuses on developing functional excellence, business excellence and people management competencies.

Further, we invested our time, effort, and resources in shaping an IT roadmap for HR and consequently digitalised many people processes like performance management, learning and development, social collaboration, talent review and succession planning processes in the Company.

Health, Safety, Environment

Our manufacturing operations are subject to a number of national and regional laws and regulations. Our offices and manufacturing plants in India are required to comply with several laws governing every aspect of our operations, including compliance with handling of hazardous chemicals, safety of workmen and protection of the environment.

We keep ourselves prepared for emergencies through regular emergency drills and safety inspections. We also impart safety trainings and briefings to our employees. Our safety procedures and levels are ISO/OHSAS certified.

Our Properties

Our Registered and Corporate Office is located at Sai Hira, Survey No. 93, Mundhwa, Pune 411 036, Maharashtra. We do not own the premises on which our Registered and Corporate Office is located and premises have been leased from third parties. For details, please refer to "*Risk Factor - We do not own the properties on which our Registered and Corporate Office and a few of our manufacturing facilities are located*" on page 48.

Plant	Location
Dahej plant	Plot No. D/II/7/A, Dahej GIDC Area, Rahiyad, Vagra, Bharuch, 390132 Gujarat
Taloja plant	Plant K-1, MIDC Industrial Area, Taloja, Raigad 410208 Maharashtra
Panipat plant	HSIIDC, Plot No. 47, IOCL refinery road, Panipat, 132140 Haryana
Srikakulam plant	Ponnada, Etcherla, Srikakulam, 532408, Andhra Pradesh.

Our Intellectual Property

We are the registered owners of certain trademarks including '*Mahadhan*' in various classes. We have also applied for registration of various trademarks in relation to our products, such as '*Cororid*' and '*Coroscope*' in multiple classes.

Corporate Social Responsibility ("CSR")

Our CSR initiatives are focused on women empowerment and livelihood, health and education. Our CSR initiatives are undertaken through Ishanya Foundation (**"Ishanya"**), which are charitable trusts established for this purpose. Through Ishanya, we are committed to the economic and social development of the geographies around plant sites to function as a responsible corporate citizen. Our initiatives include vocational training, diary, horticulture and cloth products-based income generation.

We have also established centers for training students from financially challenged communities in spoken english, Leveraging formal and informal learning VSDP enhances social equality, inclusion and sustainable development. We conduct soft skill training and conversational English sessions to enhance employability. Each student is provided one-on-one mentorship by volunteers. We have conducted professional beautician course and Art of Mehendi, certificate Course in Information Technology and post basic B.Sc. Nursing. Ishanya organised an initiative ‘Muskaan Parees’ focussing on the empowerment of financially challenged women. The representatives of Ishanya collect pre-owned garments and accessories periodically and post quality checks, these products are provided to the women enrolled with Muskaan Parees to be sold at nominal prices which enables them to earn additional income.

ORGANISATIONAL STRUCTURE

Corporate History

Our Company was originally incorporated as 'Deepak Fertilisers and Petrochemicals Corporation Private Limited' at Mumbai pursuant to a certificate of incorporation dated May 31, 1979 issued by the RoC, under the Companies Act, 1956. Subsequently, the name of our Company changed to 'Deepak Fertilisers and Petrochemicals Corporation Limited' and a fresh certificate of incorporation consequent on change of name dated on June 14, 1979 was issued by the RoC, Maharashtra under the Companies Act, 1956.

The Registered and Corporate Office of our Company is situated at Sai Hira, Survey No. 93 Mundhwa, Pune - 411 036.

Changes in the Registered and Corporate Office

The following table sets forth details of the changes in the Registered and Corporate Office of our Company since the date of its incorporation:

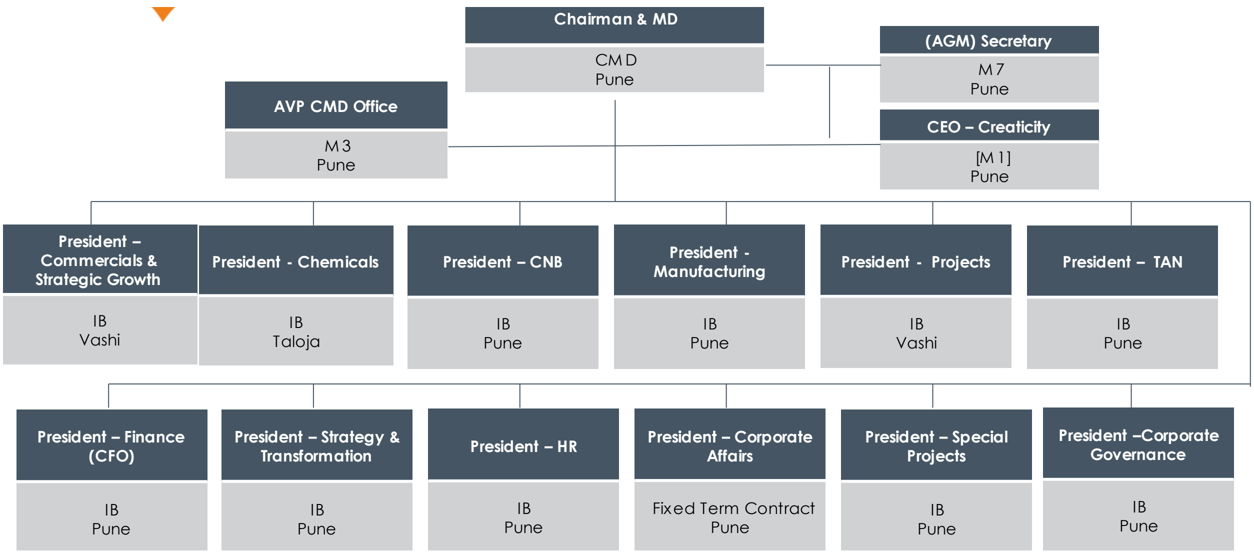
Date of change/ resolution for change	Details of change in the address of the Registered and Corporate Office	Reasons for change in the address of the Registered and Corporate Office
December 30, 1984	Change of registered office from 10-B, Bakhtawar, Nariman Point, Bombay – 400 021 to from Shivshakti, B. G. Kher Road, Worli, Mumbai – 400 018	Administrative convenience
May 5, 1995	Change of registered office from Shivshakti, B. G. Kher Road, Worli, Mumbai – 400 018 to Opposite Golf Course, Shastri Nagar, Yerawada, Pune, Maharashtra – 411006	Administrative convenience
March 28, 2019	Change of registered office from Opposite Golf Course, Shastri Nagar, Yerawada, Pune 411 006, Maharashtra to Sai Hira, Survey No. 93, Mundhwa, Pune 411 036, Maharashtra.	Administrative convenience

Our Subsidiaries

As on date of this Placement Document, the Subsidiaries of our Company as defined under the Companies Act, 2013 and the applicable accounting standards are:

1. Smartchem Technologies Limited;
2. Platinum Blasting Services Pty Limited;
3. Australian Mining Explosives Pty Limited;
4. Performance Chemiserve Limited (formerly known as Performance Chemiserve Private Limited);
5. Deepak Mining Services Private Limited;
6. Complete Mining Solutions Private Limited (formerly known as Runge Pincock Minarco India Private Limited);
7. SCM Fertichem Limited;
8. Deepak Nitrochem Pty Limited;
9. Mahadhan Farm Technologies Private Limited;
10. Ishanya Brand Services Limited; and
11. Yerrowda Investments Limited

The organisational structure of our Company as on this Placement Document is as follows:


Chairman & MD
CMD
Pune
(AGM) Secretary
M7
Pune
CEO – Creaticity
[M1]
Pune
AVP CMD Office
M3
Pune
President – Commercials & Strategic Growth
IB
Vashi
President - Chemicals
IB
Taloja
President – CNB
IB
Pune
President - Manufacturing
IB
Pune
President - Projects
IB
Vashi
President – TAN
IB
Pune
President – Finance (CFO)
IB
Pune
President – Strategy & Transformation
IB
Pune
President – HR
IB
Pune
President – Corporate Affairs
Fixed Term Contract
Pune
President – Special Projects
IB
Pune
President –Corporate Governance
IB
Pune

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The Articles of Association provide that our Company shall not have less than three Directors and not more than 15 Directors. As on the date of this Placement Document, our Board of Directors consists of 11 Directors including one Chairperson and Managing Director, two Non-Executive Non-Independent Directors and eight Independent Directors (including a woman Independent Director). The composition of the Board and the various committees of the Board are in conformity with Section 149 of the Companies Act, 2013 and the SEBI Listing Regulations.

The following table sets forth details regarding our Board of Directors:

Sr. No.	Name, address, DIN, date of birth, term, occupation	Age (in years)	Designation
1.	**Sailesh Chimanlal Mehta** *Address*: 93 SUM, South Main Road, Koregaon Park, Pune, Maharashtra 411 001 *DIN*: 00128204 *Date of birth:* April 11, 1961 *Term*: Five years with effect from August 1, 2018 *Occupation*: Industrialist	60	Chairperson and Managing Director
2.	**Parul Sailesh Mehta** *Address*: 93 SUM, South Main Road, Koregaon Park, Pune, Maharashtra 411 001 *DIN*: 00196410 *Date of birth:* March 17, 1965 *Term*: Liable to retire by rotation, appointed w.e.f. October 20, 2005 *Occupation*: Social Service Advisor	56	Non-Executive Non-Independent Director
3.	**Madhumilan P Shinde** *Address*: B-703, Swagat Apartment, Plot No-19, Opposite North Point School, Sector 3, Koparkhairne S.O, Thane, Maharashtra 400 709 *DIN*: 06533004 *Date of birth:* December 14, 1954 *Term*: Liable to retire by rotation, appointed w.e.f. February 10, 2017 *Occupation*: Consultant	66	Non-Executive Non-Independent Director
4.	**Amit Biswas** *Address*: Cedar 30102, Indu Fortune Field Towers, Kukatpally, Hyderabad, 500 085, Telangana *DIN*: 08173442 *Date of birth:* June 10, 1960 *Term*: Three years with effect from April 22, 2019	61	Non-Executive Independent Director

Sr. No.	Name, address, DIN, date of birth, term, occupation	Age (in years)	Designation
	Occupation: Advisor		
5.	**Alok Perti** *Address*: House Number 552, Shriniketan CGHS, Plot Number - 1, Sector - 07, Dwarka, South West Delhi, Delhi 110 075 *DIN*: 00475747 *Date of birth:* May 15, 1952 *Term*: Three years with effect from April 22, 2019 *Occupation*: Retired Government Servant	69	Non-Executive Independent Director
6.	**Ashok Kumar Purwaha** *Address*: 901, The Gurgaon CGHS Limited, Plot No. 17, Sector 52, Gurgaon 122003, Haryana *DIN*: 00165092 *Date of birth:* May 8, 1955 *Term*: Five years with effect from July 7, 2017 *Occupation*: Consultant	66	Non-Executive Independent Director
7.	**Berjis Minoo Desai** *Address*: Flat 801, 9A Residences, 12th Floor, Bomanji Petit Road, Cumballa Hill, Mumbai, 400 026 *DIN*: 00153675 *Date of birth:* August 2, 1956 *Term*: Five years with effect from July 7, 2017 *Occupation*: Practicing Lawyer	65	Non-Executive Independent Director
8.	**Partha Bhattacharyya** *Address*: NA 15, Sanjeeva Town, Konchpur, New Town, Rajarhat, Kolkata, West Bengal 700 102 *DIN*: 00329479 *Date of birth:* February 27, 1951 *Term*: Five years with effect from April 1, 2019 *Occupation*: Consultant	70	Non-Executive Independent Director
9.	**Bhuwan Chandra Tripathi** *Address*: : A-2/27, 2nd Floor, Safdarganj Enclave , South West Delhi , Delhi 110029 *DIN*: 01657366 *Date of birth:* January 12, 1960	61	Non-Executive Independent Director

Sr. No.	Name, address, DIN, date of birth, term, occupation	Age (in years)	Designation
	Term: Three years with effect from February 13, 2020 *Occupation*: Independent Director		
10.	**Sujal Anil Shah** *Address*: 701, 7th Floor, Mayfair Kumkum, S V Road, Next to Bank of India, Andheri West, Mumbai, Maharashtra 400 058 *DIN*: 0058019 *Date of birth:* September 23, 1968 *Term*: Five years with effect from June 30, 2020 *Occupation*: Chartered Accountant	53	Non-Executive Independent Director
11.	**Varsha Vasant Purandare** ***Address***: Yuthika Bldg 'A', Flat No. 906 Sr No. 89, Veerbhadranagar, Baner, Pune, Maharashtra 411 045 ***DIN***: 5288076 ***Date of birth***: December 7, 1958 ***Term***: Three years with effect from January 31, 2021 ***Occupation***: Retired Banker	62	Non-Executive Independent Director

Relationship between our Directors

Except Sailesh Chimanlal Mehta and Parul Sailesh Mehta who are spouses, none of the Directors are related to each other.

Borrowing Powers of our Board

Pursuant to an AGM resolution dated August 12, 2016, our Board has been authorised to borrow moneys in excess of the aggregate of the paid-up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained / to be obtained from the Company's bankers in the ordinary course of business, shall not be in excess of ₹ 2,00,000 lakhs over and above the aggregate of the paid-up capital and free reserves (that is, reserves not set apart for any specific purpose) of the Company. Further, the Board is authorised to arrange or fix the terms and conditions of all such moneys to be borrowed from time to time as to interest, repayment, security or otherwise as they may, in their absolute discretion, think fit.

Terms of Appointment of the Executive Directors

Sailesh Chimanlal Mehta

Sailesh Chimanlal Mehta's remuneration was last revised pursuant to the Shareholders resolution dated September 18, 2018. Pursuant to the Shareholders resolution dated September 18, 2018 and in terms of the agreement dated December 13, 2018, with effect from August 1, 2018, Sailesh Chimanlal Mehta is entitled to receive a remuneration as detailed below:

Salary:

₹ 2.10 million per month in the grade of ₹ 2.10 million to ₹ 3 million per month.

Commission:

Commission at such percentage of net profits of the Company computed provided that the salary, perquisites and commission does not exceed ten percent of the net profits of the Company in accordance with the provisions of Section 197 of the Companies Act, 2013 and computed in the manner as laid down under Section 198 of the Companies Act, 2013 or such amount, as the Board may determine.

Perquisites / Allowances:

In addition to salary and commission as stated above, Sailesh Chimanlal Mehta is also entitled to *inter alia* rent free furnished residential accommodation, re-imbursement of gas, electricity, water charges and furnishings, re-imbursement of medical expenses incurred for himself and members of his family, leave travel concession for himself and members of his family, as per the rules of the Company, and Retirement and other benefits.

Payment or benefit to Directors

The remuneration paid to Sailesh Chimanlal Mehta for three months period ended June 30, 2021 and Fiscals 2021, 2020 and 2019 is as follows:

1. Remuneration to Executive Directors:

(*₹ in lakhs*)

Sr. no.	Name of the Director	For three months period ended June 30, 2021	Fiscal 2021	Fiscal 2020	Fiscal 2019
1.	Sailesh Chimanlal Mehta	128.00	1318.41	414.89*	398.06*

**Remuneration paid to Sailesh Chimanlal Mehta was exceeding the limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013 and the Company has sought Shareholder's approval for waiver of the excess remuneration amounting to ₹ 264.76 lakhs paid to the Managing Director during the Financial Year 2019-20 and ₹ 240.39 lakhs paid to the Managing Director during the Financial Year 2018-19 .*

2. Sitting Fees and commission paid to Non-Executive Directors:

The details of the sitting fees and commission paid to the non-executive Directors of our Company for three months period ended June 30, 2021 and Fiscals 2021, 2020 and 2019 is as follows:

(*₹ in lakhs*)

Sr. no.	Name of the Director	For three months period ended June 30, 2021	Fiscal 2021#	Fiscal 2020	Fiscal 2019*
1.	Parul Sailesh Mehta	0.75	17.20	3.10	9.60
2.	Madhumilan P Shinde	1.25	22.30	6.70	12.90
3.	Amit Biswas	1.25	17.30	3.10	NIL
4.	Alok Perti	0.75	27.70	2.50	NIL
5.	Ashok Kumar Purwaha	0.75	17.70	3.40	11.30
6.	Berjis Minoo Desai	1.55	14.60	3.80	9.80
7.	Partha Bhattacharyya	1.75	32.39	5.60	16.40
8.	Bhuwan Chandra Tripathi	0.75	26.45	0.50	NIL
9.	Sujal Anil Shah	2.05	23.95	NIL	NIL
10.	Varsha Vasant Purandare	0.75	7.10	NIL	NIL

 # Includes Commission for Fiscal 2021 paid in Fiscal 2022.
** Includes Commission for Fiscal 2018 paid in Fiscal 2019.*

Shareholding of Directors in our Company

The shareholding of our Directors as of the date of filing this Placement Document is set forth below:

Sr. no.	Name of the Director	No. of Equity Shares Held	% of the issued and paid-up Equity Share capital
1.	Sailesh Chimanlal Mehta	1,731	Negligible
2.	Parul Sailesh Mehta	1,409	Negligible
3.	Madhumilan P Shinde	1,500	Negligible

Interest of Directors

The independent Directors of our Company may be interested to the extent of sitting fees payable to them for attending meetings of our Board. All other Directors may be deemed to be interested to the extent of dividend, if any, as well as to the extent of other remuneration, commission and reimbursement of expenses payable to them.

All our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in our Company, or that may be subscribed for and allotted to them, or to the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoters, out of the present Issue in terms of this Placement Document and also to the extent of any dividend payable to them and other distributions in respect of such Equity Shares.

Except as disclosed in the "*Financial Statements-Related Party transaction*" beginning on page 224 and except for Madhumilan P Shinde who is also providing professional service as a consultant of the Company, our Directors do not have any other interest in our Company. There are no outstanding transactions other than in the ordinary course of business undertaken by our Company, in which the Directors are interested. Further, our Company has neither availed of any loans from, nor extended any loans to the Directors which are currently outstanding.

Corporate governance

As on the date of this Placement Document, our Board of Directors consists of eleven Directors including one Chairperson and Managing Director, two Non-Executive Non-Independent Directors and eight Independent Directors (including a woman Independent Director). The composition of the Board and the various committees of the Board are in conformity with Section 149 of the Companies Act, 2013 and the SEBI Listing Regulations.

Committees of our Board of Directors

Our Board has constituted statutory committees, which function in accordance with the relevant provisions of the Companies Act, 2013 and the SEBI Listing Regulations.

The statutory committees of our Board are: (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Stakeholders' Relationship Committee; (iv) Corporate Social Responsibility Committee and (v) Risk Management committee.

The following table sets forth details of members of the aforesaid committees, as on the date of this Placement Document:

Sr. no.	Committee	Name and Designation of Members
1.	Audit Committee	(1) Partha Bhattacharyya, Chairman (2) Madhumilan P Shinde, Member (3) Sujal Anil Shah, Member
2.	Nomination and Remuneration Committee	(1) Berjis Minoo Desai, Chairman (2) Sujal Anil Shah, Member (3) Amit Biswas, Member
3.	Stakeholders' Relationship Committee	(1) Berjis Minoo Desai, Chairman (2) Madhumilan P Shinde, Member (3) Amit Biswas, Member
4.	Corporate Social Responsibility Committee	(1) Partha Bhattacharyya, Chairperson (2) Parul Sailesh Mehta, Member (3) Alok Perti, Member
5.	Risk Management Committee	(1) Madhumilan P Shinde, Chairperson (2) Amit Biswas, Member (3) Bhuwan Chandra Tripathi, Member (4) Amitabh Bhargava, Member

Key Managerial Personnel

The details of our Company's Key Managerial personnel are set forth below:

S. No.	Name	Designation
1.	Sailesh Chimanlal Mehta	Chairman & Managing Director
2.	Amitabh Bhargava	President & Chief Financial Officer
3.	Ritesh Chaudhary	Vice President & Head – Legal & Secretarial & Company Secretary

All our Key Managerial Personnel are permanent employees of our Company.

Shareholding of Key Managerial Personnel

Except for Ritesh Chaudhary and Sailesh Chimanlal Mehta, none of the other Key Managerial personnel hold any Equity Shares in our Company as on the date of this Placement Document.

Sr. no.	Name of the Director	No. of Equity Shares Held	% of the issued and paid-up Equity Share capital
1.	Sailesh Chimanlal Mehta*	1,731	Negligible
2.	Ritesh Choudhary	5	Negligible

**Pursuant to the provisions of Section 90(1) of the Companies Act, 2013 read with (Significant Beneficial Owners) Rules, 2018, S C Mehta is the Significant Beneficial Owner of the Company*

Interests of Key Managerial Personnel

Other than the interest of the Chairman and Managing Director our Company, as disclosed under the section entitled "*Board of Directors and Senior Management* **-** *Interest of Directors*" on page 160, the other Key Managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business. Further, the Key Managerial personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares, to the extent of any Equity Shares held by them.

Other Confirmations

None of the Directors, Promoters or Key managerial personnel of our Company has any financial or other material interest in the Issue and there is no effect of such interest in so far as it is different from the interest of other persons.

Neither our Company, nor the Directors or Promoters have been identified as willful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on willful defaulters as defined under the SEBI ICDR Regulations.

Neither our Company, nor our Directors or Promoters are debarred from accessing capital markets under any order or direction made by SEBI.

None of our Directors, Promoters or Key Managerial personnel of our Company intends to subscribe to the Issue.

No change in control in our Company will occur consequent to the Issue.

None of our Promoters or Directors is a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018.

Policy on disclosures and internal procedure for prevention of insider trading

Regulation 9(1) of the SEBI Insider Trading Regulations applies to our Company and its employees and requires our Company to implement a code of internal procedures and conduct for the prevention of insider trading. Our Company has implemented a code of conduct for prevention of insider trading in accordance with the SEBI Prohibition of Insider Trading Regulations, as per which, the Company Secretary of our Company is the Compliance Officer for the purposes of this code.

Related Party Transactions

For details in relation to the related party transactions entered into by the Directors with our Company during the last three Fiscals immediately preceding the year of circulation of this Placement Document, please see the sections entitled "*Financial Statements*" and "*Related Party Transactions*" on pages 224 and 74 respectively.

SHAREHOLDING PATTERN OF OUR COMPANY

The shareholding pattern of our Company and September 30, 2021 is set forth below:

Table I - Summary Statement holding of specified securities:

Category	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities		No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
						No of Voting Rights	Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
(I)	(II)	(III)	(IV)	(VII) = (IV)+(V) + (VI)	(VIII) As a % of (A+B+C2)	(IX)		(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
(A)	Promoter & Promoter Group	7	5,73,83,775	5,73,83,775	53.06	5,73,83,775	53.06		50.41	10,79,482	1.88	1,73,73,778	30.28	5,73,83,775
(B)	Public	1,43,307	5,07,70,144	5,07,70,144	46.94	5,07,70,144	46.94	56,76,754	49.59		0.00		0.00	4,63,73,302

Category	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities		No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
						No of Voting Rights	Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
(I)	(II)	(III)	(IV)	(VII) = (IV)+(V) + (VI)	(VIII) As a % of (A+B+C2)	(IX)		(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
(C1)	Shares Underlying DRs				0.00		0.00		0.00		0.00		0.00	
(C2)	Shares Held By Employee Trust				0.00		0.00		0.00		0.00		0.00	
(C)	Non Promoter- Non Public				0.00		0.00		0.00		0.00		0.00	
Total		1,43,314	10,81,53,919	10,81,53,919	100.00	10,81,53,919	100.00	56,76,754	100.00	10,79,482	1.00	1,73,73,778	16.06	10,37,57,077

Note:C=C1+C2
Grand Total=A+B+C

Table II - Statement showing shareholding pattern of our Promoter and Promoter Group:

	Category & Name of the shareholders	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
							No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
	(I)	(III)	(IV)	(VII) = (IV)+(V) + (VI)	(VIII) As a % of (A+B+C2)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
A 1	Indian				0.00	0.00		0.00		0.00	
	Individuals / Hindu Undivided Family	4	9,97,053	9,97,053	0.92	0.88		0.00		0.00	9,97,053
	Chimanlal Khimchand Mehta	1	8,78,913	8,78,913	0.81	0.77		0.00		0.00	8,78,913
	Sailesh Chimanlal Mehta	1	1,731	1,731	0.00	0.00		0.00		0.00	1,731
	Parul Sailesh Mehta	1	1,409	1,409	0.00	0.00		0.00		0.00	1,409
	Yeshil Sailesh Mehta	1	1,15,000	1,15,000	0.11	0.10		0.00		0.00	1,15,000
	Rajvee Sailesh Mehta		0	0	0.00	0.00		0.00		0.00	
	Any Other (Specify)	3	5,63,86,722	5,63,86,722	52.14	49.54	10,79,482	1.91	1,73,73,778	30.81	5,63,86,722
	Nova Synthetic Limited	1	4,35,92,875	4,35,92,875	40.31	38.30		0.00	95,36,000	21.88	4,35,92,875

	Category & Name of the shareholders	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
							No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
	(I)	(III)	(IV)	(VII) = (IV)+(V) + (VI)	(VIII) As a % of (A+B+C2)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
	Sofotel Infra Private Limited	1	19,41,546	19,41,546	1.80	1.71		0.00		0.00	19,41,546
	Robust Marketing Services Private Limited	1	1,08,52,301	1,08,52,301	10.03	9.53	10,79,482	9.95	78,37,778	72.22	1,08,52,301
	Sub Total A1	7	5,73,83,775	5,73,83,775	53.06	50.41	10,79,482	1.88	1,73,73,778	30.28	5,73,83,775
A2	Foreign				0.00	0.00		0.00		0.00	
	A=A1+A2	7	5,73,83,775	5,73,83,775	53.06	50.41	10,79,482	1.88	1,73,73,778	30.28	5,73,83,775

Table III - Statement showing shareholding pattern of the Public shareholder:

	Category & Name of the shareholders	Nos. of share holders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities		No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of equity shares held in dematerialised form
						No of Voting Rights	Total as a % of Total Voting Right			No. (a)	As a % of total Shares held(b)	
	(I)	(III)	(IV)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)		(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIV)
B1)	Institutions	0	0		0.00		0.00		0.00		0.00	
	Mutual Funds/	2	315	315	0.00	315	0.00		0.00		0.00	315
	Foreign Portfolio Investors	46	17,01,645	17,01,645	1.57	17,01,645	1.57		1.49		0.00	17,01,645
	Fidelity Puritan Trust- Fidelity Low Priced Stock	1	13,07,265	13,07,265	1.21	13,07,265	1.21		1.15		0.00	13,07,265
	Financial Institutions/ Banks	11	50,15,260	50,15,260	4.64	50,15,260	4.64	56,76,754	9.39		0.00	50,046,845
	INTERNATIONAL FINANCE CORPORATION	1	50,04,235	50,04,235	4.63	50,04,235	4.63	56,76,754	9.38		0.00	50,04,235

	Category & Name of the shareholders	Nos. of share holders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities		No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of equity shares held in dematerialised form
						No of Voting Rights	Total as a % of Total Voting Right			No. (a)	As a % of total Shares held(b)	
	(I)	(III)	(IV)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)		(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIV)
	Insurance Companies	3	3,33,876	3,33,876	0.31	3,33,876	0.33		0.29		0.00	3,33.276
	Sub Total B1	62	70,51,096	70,51,096	6.52	70,51,096	6.52	56,76,754	11.18		0.00	70,39,921
B2)	Central Government/State Government(S)/President of India	0	0		0.00		0.00		0.00		0.00	
B3)	Non-Institutions	0	0		0.00		0.00		0.00		0.00	
	Individual Share capital in excess of Rs. 2 Lakhs	137795	2,57,29,502	2,57,29,502	23.79	2,57,29,502	23.79		22.60		0.00	2,28,01,116
	Individual Share capital in excess of Rs. 2 Lakhs	138	85,22,508	85,22,508	7.88	85,22,508	7.88		7.49		0.00	85,02,458

	Category & Name of the shareholders	Nos. of share holders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities		No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of equity shares held in dematerialised form
						No of Voting Rights	Total as a % of Total Voting Right			No. (a)	As a % of total Shares held(b)	
	(I)	**(III)**	**(IV)**	**(VII) = (IV)+(V)+ (VI)**	**(VIII) As a % of (A+B+C2)**	**(IX)**		**(X)**	**(XI)= (VII)+(X) As a % of (A+B+C2)**	**(XII)**		**(XIV)**
	NBFCs Registered with RBI	1	5,335	5.335	0.00	5,335	0.00		0.00		0.00	5,335
	Any other (Specify)	5311	94,61,703	94,61,703	8.75	94,61,703	8.75		8.31		0.00	80,24,472
	Trusts	4	775	775	0.00	775	0.00		0.00		0.00	775
	Alternative Investment Fund	4	2,42,546	2,42,546	0.22	2,42,546	0.22		0.21		0.00	2,42,546
	Non-Resident Indian (NRI)	2184	28,05,806	28,05,806	2.59	28,05,806	2.59		2.46		0.00	15,70,906
	Clearing Members	87	2,35,094	2,35,094	0.22	2,35,094	0.22		0.21		0.00	2,35,094
	Non Resident Companies	1	1,83,600	1,83,600	0.17	1,83,600	0.17		0.16		0.00	0
	Non Resident Non Repatriable	755	4,06,184	4,06,184	0.38	4,06,184	0.38		0.36		0.00	4,06,184
	Bodies Corporate	603	28,64,901	28.64,901	2.65	28,64,901	2.65		2.52		0.00	28,46,170

	Category & Name of the shareholders	Nos. of share holders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities		No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of equity shares held in dematerialised form
						No of Voting Rights	Total as a % of Total Voting Right			No. (a)	As a % of total Shares held(b)	
	(I)	**(III)**	**(IV)**	**(VII) = (IV)+(V)+ (VI)**	**(VIII) As a % of (A+B+C2)**	**(IX)**		**(X)**	**(XI)= (VII)+(X) As a % of (A+B+C2)**	**(XII)**		**(XIV)**
	Investor Education and Protection Fund	1	10,54,802	10,54,802	0.98	10,54,802	0.98		0.93		0.00	10,54,802
	HUF	1670	16,67,645	16,67,645	1.54	16,67,645	1.54		1.47		0.00	16,67,645
	Foreign Nationals	2	350	350	0.00	350	0.00		0.00		0.00	350
	Sub Total B3	143245	4,37,19,048	4,37,19,048	40.42	4,37,19,048	40.42		38.41		0.00	3,93,33,381
	B=B1+B2+B3	143307	5,07,70,144	50770144	46.94	5,07,70,144	46.94	56,76,754	49.59		0.00	4,63,73,302

Table IV - Statement showing shareholding pattern of the Non – Promoter – Non-Public Shareholder:

Category and Name of the Shareholders (I)	No. of shareholders (III)	No. of fully paid-up equity shares held (IV)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of equity shares held in dematerialized form (IX)
C1) Custodian/DR Holder	0	0		0.00	0
C2) Employee Benefit Trust	0	0		0.00	0

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the Bidding, application, payment of Bid Amount, Allocation and Allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below, and investors are assumed to have apprised themselves of the same from our Company or the BRLM. Prospective Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Also see "Selling Restrictions" and "Purchaser Representations and Transfer Restrictions" on page 188 and 195, respectively. Bidders that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the BRLM and its directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares.

Our Company, the BRLM and its directors, officers, agents, advisors, shareholders, employees, counsel, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the SEBI Insider Trading Regulations, and other applicable laws.

Qualified Institutions Placement

THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBs ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

The Preliminary Placement Document and this Placement Document has not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue has been made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Section 42 and other applicable provisions of the Companies Act, through the mechanism of a QIP. Under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act and other applicable provisions of the Companies Act, a listed company may issue eligible securities to Eligible QIBs provided that certain conditions are met by such Company. Some of these conditions are set out below:

- the shareholders of the issuer have passed a special resolution approving such QIP. Such special resolution must *inter alia* specify that, (a) the allotment of securities is proposed to be made pursuant to the QIP; and (b) the relevant date for the QIP;

- the explanatory statement to the notice to the shareholders for convening the general meeting must disclose, among other things, the particulars of the issue including the date of passing the board resolution, the kind of securities being offered and the price at which they are offered, amount which the company intends to raise by way of such securities and the material terms of raising such securities, proposed issue schedule, the purpose or objects of offer, the contribution made by the promoter or directors either as part of the offer or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;

- under Regulation 172(1)(b) of the SEBI ICDR Regulations, the equity shares of the same class of such issuer, which are proposed to be allotted through the QIP, are listed on a recognised stock exchange in India having nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to seek approval of the shareholders for the above-mentioned special resolution;

- invitation to apply in the QIP must be made through a private placement offer-cum-application form serially numbered and addressed specifically to the Eligible QIBs to whom the QIP is made either in writing or in electronic mode, within 30 days of recording the name of such person in accordance with applicable law; the issuer shall have completed allotments with respect to any earlier offer or invitation made by the issuer or shall have withdrawn or abandoned such invitation or offer made by the issuer, except as permitted under the Companies Act;

- the issuer shall not make any subsequent QIP until the expiry of two weeks from the date of the previous QIP;
- an offer to Eligible QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer-cum-application (i.e., the Preliminary Placement Document), the issuer shall prepare and record a list of Eligible QIBs to whom the Issue will be made. The QIP must be made only to such Eligible QIBs whose names are recorded by the issuer prior to the invitation to subscribe;
- the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the QIP is prohibited. In accordance with the SEBI ICDR Regulations, securities will be issued, and allotment shall be made only in dematerialized form to the allottees; and
- the promoter and directors of the issuer are not Fugitive Economic Offenders.

Our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue

At least 10% of the equity shares issued to Eligible QIBs was available for Allocation to Mutual Funds, provided that, if this portion, or any part thereof to be allotted to Mutual Funds remains unsubscribed, it wase allotted to other Eligible QIBs.

Bidders were not allowed to withdraw or revise downwards their Bids after the Bid/ Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The floor price of the equity shares issued under the QIP is not less than the average of the weekly high and low of the closing prices of the issuer's equity shares of the same class quoted on the stock exchanges during the two weeks preceding the relevant date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. However, a discount of not more than 5% of the floor price is permitted in accordance with the provisions of the SEBI ICDR Regulations. Our Board through its resolution dated May 28, 2021 and our Shareholders through a special resolution on August 26, 2021, have authorised our Board to decide the quantum of discount up to 5% of the Floor Price at the time of determination of the Issue Price. Our Company has offered a discount of ₹ 12.48 per Equity Share on the Floor Price in accordance with the approval of the Shareholders accorded through a special resolution passed on August 26, 2021 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.

The "relevant date" mentioned above in case of allotment of equity shares, refers to the date of the meeting in which the board of directors or the committee of directors duly authorised by the board of the issuer decides to open the proposed issue and "stock exchange" means any of the recognised stock exchanges in India on which the equity shares of the issuer of the same class are listed and on which the highest trading volume in such shares has been recorded during the two weeks immediately preceding the relevant date.

The securities must be allotted within 365 days from the date of the shareholders' resolution approving the QIP and also within 60 days from the date of receipt of subscription money from the relevant Eligible QIBs.

The Equity Shares issued pursuant to the Issue must be issued on the basis of the Preliminary Placement Document and this Placement Document that shall contain all material information including the information specified in Schedule VII of the SEBI ICDR Regulations and the requirements prescribed under PAS Rules and Form PAS-4. The Preliminary Placement Document and this Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you did not receive a serially numbered copy of the Preliminary Placement Document or this Placement Document addressed to you, you may not rely on the Preliminary Placement Document or this Placement Document uploaded on the website of the Stock Exchanges or our Company for making an application to subscribe to Equity Shares pursuant to the Issue.

The minimum number of allottees for each QIP shall not be less than:

- two, where the issue size is less than or equal to ₹250 crore; and

- five, where the issue size is greater than ₹250 crore.

No single Allottee shall be Allotted more than 50% of the Issue Size. Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of the Issue. For details of what constitutes "same group" or "common control", see "*Bid Process – Application Form*" on page 179.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognised stock exchange.

We have applied for and received the in-principle approval of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges. We have filed a copy of the Preliminary Placement Document and this Placement Document with the Stock Exchanges.

We shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act and the PAS Rules.

The Issue has been authorised and approved by our Board on May 28, 2021 and our Shareholders by way of a special resolution on August 26, 2021.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States, and may not be offered, sold or delivered in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in *"offshore transactions"*, as defined in and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made.

The Equity Shares issued pursuant to this Issue have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction

Issue Procedure

1. On the Issue Opening Date, our Company in consultation with the BRLM has circulated serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form to Eligible QIBs and the Application Form was specifically addressed to such Eligible QIBs. In terms of Section 42(3) of the Companies Act, our Company shall maintain complete records of such Eligible QIBs in the form and manner prescribed under the PAS Rules, to whom the serially numbered copies of the Preliminary Placement Document, this Placement Document and the serially numbered Application Form have been dispatched or circulated, as the case may be. Our Company will make the requisite filings with RoC within the stipulated time period as required under the Companies Act.

2. **The list of QIBs to whom the Preliminary Placement Document and the Application Form was delivered was determined by our Company in consultation with the BRLM. Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which included the details of the bank account wherein the Bid Amount is to be deposited, is addressed to a particular Eligible QIB, no invitation to subscribe shall be deemed to have been made to such Eligible QIB. Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Bid Amount is paid along with submission of the Application Form within the Bid/Issue Period. Once a duly filled Application Form is submitted by an**

Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

3. Eligible QIBs were required to submit an Application Form, including any revisions thereof, along with the Bid Amount transferred to the Escrow Account specified in the Application Form and a copy of the PAN card or PAN allotment letter and/or any other documents mentioned in the Application Form, during the Bid/ Issue Period to the BRLM.

4. Bidders were required to indicate the following in the Application Form:

   - full official name of the Bidder to whom Equity Shares are to be Allotted, complete address, e-mail id, PAN details (if applicable), phone number and bank account details;
   - number of Equity Shares Bid for;
   - price at which they are agreeable to subscribe to the Equity Shares and the aggregate Bid Amount for the number of Equity Shares Bid for;
   - details of the beneficiary account maintained by the Depository Participant to which the Equity Shares should be credited pursuant to the Issue;
   - equity shares held by the Bidder in our Company prior to the Issue; and
   - it has agreed to certain other representations set forth in the Application Form and the Preliminary Placement Document.
   - A representation that it is outside the United States acquiring the Equity Shares in an "offshore transaction" as defined in, and in reliance on, Regulation S, and it has agreed to certain other representations set forth in the Preliminary Placement Document and in the Application Form.

   NOTE**:** *Eligible FPIs were required to indicate their SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund was not to be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.*

5. Bidders were required to make the entire payment of the Bid Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account opened in the name of "***DEEPAK FERTILIZERS AND PETROCHEMICALS CORPORATION LIMITED – QIP ESCROW ACCOUNT***" with the Escrow Agent, within the Bid/Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Bid Amount for the Equity Shares was required to be made from the bank accounts of the relevant Bidders and our Company shall keep a record of the bank account from where such payment has been received. No payment shall be made in the Issue by the Bidders in cash. Bid Amount payable on Equity Shares to be held by joint holders were required to be paid from the bank account of the person whose name appears first in the Application Form. Until Allotment, and the filing of return of Allotment by our Company with the RoC, or receipt of final listing and trading approvals from the Stock Exchanges, whichever is later, Bid Amount received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act. Notwithstanding the above, in the event (a) any Bidder is not allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, (c) the Bid Amount has been arrived at using an indicative price higher than the Issue Price, or (d) any Eligible QIB lowers or withdraws their Bid after submission of the Application Form but on

or prior to the Issue Closing Date, the excess Bid Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in "– *Refunds*" on page .

6. Once a duly completed Application Form was submitted by a Bidder and the Bid Amount was transferred to the Escrow Account, such application constituted an irrevocable offer and the Bid could not have been withdrawn or revised downwards after the Bid/ Issue Closing Date. In case of an upward revision before the Bid/ Issue Closing Date, an additional amount shall be required to be deposited towards the Bid Amount in the Escrow Account along with the submission of such revised Bid. The Bid/ Issue Closing Date was notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

7. Upon receipt of the duly completed Application Form, whether signed or not, and the Bid Amount in the Escrow Account, on or after the Bid/ Issue Closing Date, our Company has, in consultation with BRLMs determined the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. Upon such determination, the BRLMs, on behalf of our Company, will send the serially numbered CAN and this Placement Document to the Successful Bidders. The dispatch of a CAN, and this Placement Document to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. In case of Bids being made on behalf of the Eligible QIB where the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so. The Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form **Please note that the Allocation will be at the absolute discretion of our Company and shall be in consultation with the BRLMs.**

8. Upon determination of the Issue Price and before Allotment of Equity Shares to the Successful Bidders, the BRLM, shall, on our behalf, send a serially numbered Placement Document either in electronic form or through physical delivery to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.

9. Upon dispatch of the serially numbered Placement Document, our Company shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. Our Company will inform the Stock Exchanges of the details of the Allotment.

10. After passing the resolution passed by the Board or its committee approving the Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the Depository Participant, as specified in the records of the depositories or as indicated in their respective Application Form, our Company shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.

11. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

12. Our Company will then apply for the final trading approvals from the Stock Exchanges.

13. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Successful Bidders shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

14. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Company and the BRLM shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Eligible QIBs

15. Only Eligible QIBs were eligible to invest in the Equity Shares pursuant to the Issue, provided that with respect to FPIs, only Eligible FPIs applying under Schedule II of the FEMA Non-Debt Rules will be considered as Eligible QIBs. FVCIs were not permitted to participate in the Issue. Currently, QIBs, who are eligible to participate in the Issue (not being excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations) and also as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

    - alternate investment funds registered with SEBI;
    - Eligible FPIs;
    - insurance companies registered with Insurance Regulatory and Development Authority of India;
    - insurance funds set up and managed by army, navy or air force of the Union of India;
    - insurance funds set up and managed by the Department of Posts, India;
    - multilateral and bilateral development financial institutions;
    - Mutual Funds registered with SEBI;
    - pension funds with minimum corpus of ₹ 25 crore;
    - provident funds with minimum corpus of ₹ 25 crore;
    - public financial institutions;
    - scheduled commercial banks;
    - state industrial development corporations;
    - the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India;
    - venture capital funds registered with SEBI; and
    - systemically important non-banking financial companies

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

ELIGIBLE FPIS WERE PERMITTED TO PARTICIPATE UNDER SCHEDULE II OF FEMA RULES IN THIS ISSUE. ELIGIBLE FPIS WERE PERMITTED TO PARTICIPATE IN THE ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF THE FPIS DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. FVCI'S ARE NOT PERMITTED TO PARTICIPATE IN THIS ISSUE.

Other eligible non-resident QIBs shall participate in the Issue under Schedule I of the FEMA Rules.

In terms of the SEBI FPI Regulations, the Equity Shares issued to a single Eligible FPI or an investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than fifty per cent or common control) should not exceed 10% of post-Issue Equity Share capital of our Company. Further, in terms of the FEMA Rules, the total holding of each FPI or its investor group shall be below 10% of the total post issue paid-up Equity Share capital of our Company on a fully diluted basis. With effect from April 1, 2020, the aggregate limit for FPI investments is the sectoral cap applicable to our Company i.e., 100% on a fully diluted basis. Hence, Eligible FPIs may invest in such number of Equity Shares in the Issue such that the individual investment of the FPI in our Company does not exceed 10% of the post -Issue paid-up capital of our Company on a fully diluted basis.

In case the holding of an FPI including its investor group increases to 10% or more of the total post-Issue paid-up equity capital, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done within the above prescribed time, the total investment made by such FPI together with its investor group will be re-classified as FDI as per procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (i) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable.

As per the circular issued by SEBI on November 24, 2014, these investment restrictions shall also apply to subscribers of P- Notes. Two or more subscribers of P-Notes having a common beneficial owner shall be considered together as a single subscriber of the P-Note. In the event an investor has investments as an FPI and as a subscriber of P-Notes, these investment restrictions shall apply on the aggregate of the FPI and P-Note investments held in the underlying company.

Pursuant to the SEBI Circular dated April 5, 2018 (Circular No: IMD/FPIC/CIR/P/2018/61), our Company has appointed National Securities Depository Limited as the designated depository to monitor the level of FPI / NRI shareholding in our Company on a daily basis and once the aggregate foreign investment of a company reaches a cut-off point, which is 3% below the overall limit a red flag shall be activated. SEBI however, pursuant to its Circular dated May 17, 2018 (Circular No: SEBI/HO/IMD/FPIC/CIR/P/2018/81), directed that this system of monitoring foreign investment limits in Indian listed companies be made operational with effect from June 1, 2018. The depository is then required to inform the Stock Exchanges about the activation of the red flag. The stock exchanges are then required to issue the necessary circulars/ public notifications on their respective websites. Once a red flag is activated, the FPIs must trade cautiously, because in the event that there is a breach of the sectoral cap, the FPIs will be under an obligation to disinvest the excess holding within five trading days from the date of settlement of the trades.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain jurisdictions, see "*Selling Restrictions*" on page 188.

Restriction on Allotment

Pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any Eligible QIB being a promoter, or any person related to, the promoter. QIBs, which have all or any of the following rights, shall be deemed to be persons related to the promoter:

- rights under a shareholders' agreement or voting agreement entered into with the promoter or members of the promoter group;
- veto rights; or
- a right to appoint any nominee director on the board of the issuer.

Provided, however, that an Eligible QIB which does not hold any Equity Shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the promoter.

Our Company, the BRLM and its shareholders, employees, counsel, officers, directors, representatives, agents, advisors or affiliates shall not be liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of the Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply.

Eligible QIBs were advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Preliminary Placement Document or this Placement Document. Further, Eligible QIBs were required to satisfy themselves that their Bids would not eventually result in triggering an open offer under the SEBI Takeover Regulations and ensure compliance with applicable laws.
A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of undersubscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Note: *Affiliates or associates of the BRLM who are Eligible QIBs may participate in the Issue in compliance with applicable laws.*

Bid Process

Application Form

Bidders shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and/or the BRLM in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of the Preliminary Placement Document and this Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of the Preliminary Placement Document, the Bidder was deemed to have made all the following representations and warranties and the representations, warranties and agreements made under "*Notice to Investors*", "*Representations by Investors*" and "*Selling Restrictions*" on pages 3, 5 and 188, respectively:

1. Each Bidder confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. Each Bidder confirms that it is not a Promoter and is not a person related to the Promoter(s), either directly or indirectly and its Application Form does not directly or indirectly represent the Promoter(s) or members of the Promoter Group or persons related to the Promoter(s);

3. Each Bidder confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoter or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender not holding any Equity Shares which shall not be deemed to be a person related to the Promoter(s);

4. Each Bidder confirms that in the event it is resident outside India, it is an Eligible FPI, having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and is eligible to invest in India under applicable law, including the FEMA Rules, as amended, and any notifications, circulars or clarifications issued thereunder, and has not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets and is not an FVCI;

5. Each Bidder acknowledges that it has no right to withdraw or revise its Bid downwards after the Bid / Issue Closing Date;

6. Each Bidder confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than the floor of a recognised Stock Exchange;

7. Each Bidder confirms that the Bidder is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. Each Bidder further confirms that the holding of the Bidder, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Bidder;

8. Each Bidder confirms that its Bids would not eventually result in triggering an open offer under the SEBI Takeover Regulations;

9. The Bidder agrees that it will make payment of its Bid Amount along with submission of the Application Form within the Issue Period. Each Bidder agrees that once a duly filled Application Form is submitted

by a Bidder, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date;

10. The Bidder agrees that although the Bid Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the BRLM. The Bidder further acknowledges and agrees that the payment of Bid Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;

11. The Bidder acknowledges that in terms of the requirements of the Companies Act, upon Allocation, our Company is required to disclose names as "proposed Allottees" and percentage of post-Issue shareholding of the proposed Allottees in this Placement Document and such QIB consents of such disclosure, if any Equity Shares are Allocated to it. However, the Bidder further acknowledges and agrees that disclosure of such details as "proposed Allottees" in this Placement Document does not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the BRLM;

12. The Bidder confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:

    (a) QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and Independent Directors, amongst an Bidder, its subsidiary(ies) or holding company and any other Bidder; and

    (b) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;

13. The Bidders acknowledge that no Allocation shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price.

14. Each Bidder confirms that it shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

15. Each Eligible FPI, confirms that it will participate in the Issue only under and in conformity with Schedule II of FEMA Rules. Further, each Eligible FPI acknowledges that Eligible FPIs may invest in such number of Equity Shares such that the individual investment of the Eligible FPI or its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than fifty per cent or common control) in our Company does not exceed 10% of the post-Issue paid-up capital of our Company on a fully diluted basis. The Bidder confirms that it, individually or together with its investor group, is not restricted from making further investments in our Company through the portfolio investment route, in terms of Regulation 22(3) of the SEBI FPI Regulations.

16. A representation that such Bidder is outside the United States, is acquiring the Equity Shares in an "offshore transaction" under Regulation S and is not an affiliate of the Company or the BRLM or a person acting on behalf of such an affiliate.

BIDDERS MUST PROVIDE THEIR NAME, COMPLETE ADDRESS, PHONE NUMBER, EMAIL ID, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN, DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE BRLM, THE ELIGIBLE QIBs SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BRLM TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BRLM, ESCROW AGENT OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER BID/ISSUE CLOSING DATE, THE ELIGIBLE QIBs SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Bid Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Bid Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form and payment of the Bid Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder and becomes a binding contract on a Successful Bidder upon issuance of the CAN and this Placement Document by our Company (by itself or through the BRLM) in favour of the Successful Bidder.

Submission of Application Form

All Application Forms were required to be duly completed with information including the number of Equity Shares applied for along with proof of payment and a copy of the PAN card or PAN allotment letter (as applicable). The Bid Amount was to be deposited in the Escrow Account as was specified in the Application Form and the Application Form was required to be submitted to the BRLM either through electronic form or through physical delivery at either of the following addresses:

Name	Address	Contact Person	Website and Email	Phone (Telephone)
IIFL Securities Limited	10th Floor, IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013, Maharashtra, India	Kunur Bavishi / Nishita Mody	**Website:** www.iiflcap.com **Email:** project.udaan@iiflcap.com	+91 22 4646 4600

The BRLM shall not be required to provide any written acknowledgement of the receipt of the Application Form and the Bid Amount.

All Application Forms were required to be duly completed and Bidders Bidding in the Issue were required tol pay the entire Bid Amount along with the submission of the Application Form, within the Issue Period.

Bank account for Payment of Bid Amount

Our Company has opened the Escrow Account in the name of "***DEEPAK FERTILIZERS AND PETROCHEMICALS CORPORATION LIMITED – QIP ESCROW ACCOUNT***" with the Escrow Agent, in terms of the Escrow Agreement. Each Bidder will be required to deposit the Bid Amount payable for the Equity Shares Bid by it along with the submission of the Application Form and during the Bidding Period. Bidders can make payment of the Bid Amount only through electronic transfer of funds from their own bank account.

Note: Payments are to be made only through electronic fund transfer. Payments made through cash, demand draft or cheques are liable to be rejected. Further, if the payment is not made favouring the Escrow Account, the Application Form is liable to be rejected.

Pending Allotment, our Company undertakes to utilise the amount deposited in "***DEEPAK FERTILIZERS AND PETROCHEMICALS CORPORATION LIMITED – QIP ESCROW ACCOUNT***" only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Bid Amount if our Company is not able to Allot Equity Shares in the Issue.

Pricing and Allocation

There is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the Stock Exchanges during the two weeks preceding the Relevant Date. Our Company has offered a discount of ₹ 12.48 per Equity Share on the Floor Price in accordance with the approval of the Shareholders accorded through a special resolution passed on August 26, 2021 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.

Our Company, in consultation with the BRLM, has determined the Issue Price.

The "Relevant Date" referred to above will be the date of the meeting in which the Board (or a duly constituted committee thereof) decides to open the Issue and "stock exchange" means any of the recognized stock exchanges in India on which the Equity Shares are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. After finalisation of the Issue Price, our Company has updated the Preliminary Placement Document with the Issue details and has filed this Placement Document with the Stock Exchanges.

Build-up of the Book

The Bidders were required to submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the BRLM. Such Bids cannot be withdrawn or revised downwards after the Bid/ Issue Closing Date. The book shall be maintained by the BRLM.

Method of Allocation

Our Company shall determine the Allocation in consultation with the BRLM on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Application Forms received from the Bidders at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Bidders will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

In case of cancellations or default by the Bidders, our Company in consultation with BRLM has the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BRLM IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBs. ELIGIBLE QIBs MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE BRLM AND ELIGIBLE QIBs MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE BID AMOUNT AT OR ABOVE THE ISSUE PRICE WITHIN THE ISSUE PERIOD. NEITHER OUR COMPANY NOR THE BRLM IS OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on receipt of the serially numbered Application Forms and Bid Amount, our Company, in consultation with the BRLM, in their sole and absolute discretion, shall decide the Successful Bidders. Our Company will dispatch a serially numbered CAN to all the Bidders pursuant to which the details of the Equity Shares Allocated to them (if any), the Issue Price and the Bid Amount for the Equity Shares Allocated to them shall be notified to such Successful Bidders. The CAN shall also include details of amount to be refunded, if any, to such Bidders. Additionally, the CAN will include the probable Designated Date, being the date of credit of the Equity Shares to the Bidders' account, as applicable to the respective Bidder.

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in our Company) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and this Placement Document, to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to subscribe to the Equity Shares Allocated to such Successful Bidders. Subsequently, our Board will approve the Allotment of the Equity Shares to the Allottees in consultation with the BRLM.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in section "*Notice to Investors*" on page 3 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

Designated Date and Allotment of Equity Shares

1. Subject to the satisfaction of the terms and conditions of this Placement Document, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN.

2. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act. However, transfer of securities of listed companies in physical form is not permitted pursuant to Regulation 40 of the SEBI Listing Regulations.

3. Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.

4. Following the Allotment of the Equity Shares pursuant to the Issue, our Company shall apply to the Stock Exchanges for listing approvals and post receipt of the listing approvals from the Stock Exchanges, our Company shall credit the Equity Shares into the beneficiary accounts of the Eligible QIBs.

5. Following the credit of Equity Shares into the Successful Bidders' beneficiary accounts with the Depository Participants, our Company will apply for the final listing and trading approvals from the Stock Exchanges.

6. The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company from the Stock Exchanges and our Company files the return of Allotment in connection with the Issue with the RoC within the prescribed timelines under the Companies Act.

7. After finalization of the Issue Price, our Company has updated the Preliminary Placement Document with the Issue details and has filed it with the Stock Exchanges as this Placement Document, which includes the names of the proposed Allottees and the percentage of their post-Issue shareholding in the Company. Pursuant to a circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5% of the Equity Shares offered in the Issue, namely, names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Company along with this Placement Document.

8. Our Company shall make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the PAS Rules. Further, as required in terms of the PAS Rules, names of the proposed Allottees, and the percentage of their post-Issue shareholding in our Company has been disclosed in this Placement Document.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, or the Bidder has deposited the Bid Amount arrived at using a price higher than the Issue Price or Equity Shares are not Allocated to a Bidder for any reasons or the Issue is cancelled prior to Allocation, or a Bidder lowers or withdraws the Bid prior to the Bid/ Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted as set out in the Application Form. The Refund Amount will be transferred to the relevant Bidders within two Working Days from the issuance of the CAN.

In the event that we are unable to issue and Allot the Equity Shares offered in the Issue or if the Issue is cancelled within 60 days from the date of receipt of application monies, our Company shall repay the application monies within 15 days from the expiry of 60 days, failing which our Company shall repay that monies with interest at the rate of 12% p.a. from expiry of the sixtieth day. The application monies to be refunded by us shall be refunded to the same bank account from which application monies was remitted by the Bidders, as mentioned in the Application Form.

In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, the Depositories Act and other applicable laws.

We, at our sole discretion, reserve the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares into the Eligible QIBs' Depository Participant accounts, we will apply for final trading and listing approvals from the Stock Exchanges. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

Release of Funds to our Company

The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company and our Company files the return of Allotment in connection with the Issue with the RoC, whichever is later.

Other Instructions

Submission of Documents

A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practicable.

Permanent Account Number or PAN

Each Bidder should mention its PAN (except Bids from any category of Bidders, which may be exempted from specifying their PAN for transacting in the securities market) allotted under the IT Act. A copy of PAN card is required to be submitted with the Application Form. Further, the Application Forms without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicants should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank account details

Each Bidder shall mention the details of the bank account from which the payment of Bid Amount has been made along with confirmation that such payment has been made from such account.

Right to Reject Applications

Our Company, in consultation with the BRLM, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the BRLM in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Company, the Bid Amount paid by the Bidder shall be refunded to the same bank account from which the Bid Amount was remitted by such Bidder as set out in the Application Form. For details, see "- *Bid Process*" and "- *Refunds*" on pages 179 and 183 respectively.

Equity Shares in dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the BRLM shall not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

PLACEMENT

Placement Agreement

The BRLM has entered into the Placement Agreement with our Company, pursuant to which the BRLM has agreed, subject to certain conditions, to manage this Issue and to act as placement agents in connection with the proposed Issue and procure subscription for the Equity Shares to be issued pursuant to the Issue on a reasonable efforts basis.

The Equity Shares will be placed with the QIBs pursuant to this Issue under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act and the rules made thereunder. The Placement Agreement contains customary representations and warranties, as well as indemnities from our Company and is subject to satisfaction of certain conditions and termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to this Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

This Placement Document and the Preliminary Placement Document has not been, and will not be, registered as a prospectus with the Registrar of Companies, and no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in *"offshore transactions"*, as defined in and in reliance on Regulation Sand the applicable laws of the jurisdiction where those offers and sales are made.

Relationship with the Book Running Lead Manager

In connection with the Issue, the Book Running Lead Manager or its affiliates may, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and subscription or sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Manager may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Manager may purchase or subscribe to the Equity Shares or be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. For further details, see the section "*Off-shore Derivative Instruments*" on page 11.

From time to time, the Book Running Lead Manager and its affiliates and associates may have engaged in or may in the future engage in transactions with and perform services including but not limited to investment banking, advisory, commercial banking, trading services for our Company, our Subsidiary, group companies, affiliates and the Shareholders, as well as to their respective associates and affiliates, pursuant to which fees and commissions have been paid or will be paid to the Book Running Lead Manager and their respective affiliates and associates.

Lock up

The Company undertakes that it will not for a period of 120 days from the date of Allotment under the Issue, without the prior written consent of the Book Running Lead Manager, directly or indirectly, (a) purchase, lend, sell, offer, issue, contract to issue, issue or offer any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares or any securities convertible into or exercisable for Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned), or file any registration statement under the U.S. Securities Act, with respect to any of the foregoing; or (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise), or (c) deposit Equity Shares with any other depositary in connection with a depositary receipt facility, (d) enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue, offer, sale or deposit of the Equity Shares in any depository receipt facility, or (e) publicly announce any intention to enter into any transaction falling within (a) to (d) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (d) above. Provided that, the foregoing restriction shall not apply to the amount unsubscribed against the Issue Size.

Lock-up by Promoter

The Company acknowledges that the Promoter and each member of the Promoter Group has undertaken that it will not for a period of 90 days from the date of Allotment under the Issue, without the prior written consent of the Book Running Lead Manager, directly or indirectly: (a) sell, lend, contract to sell, or contract to sell, grant any option, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares; (c) sell, lend, contract to sell, or contract to sell, grant any option, lend or otherwise transfer or dispose of, directly or indirectly, any shares or interest in an entity which holds any Equity Shares; or (d) publicly announce any intention to enter into any transaction whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise, or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (c) above. Provided that, the foregoing restriction shall not apply in case of purchase of Equity Shares.

SELLING RESTRICTIONS

The distribution of this Placement Document and the Preliminary Placement Document and the offer, sale or delivery of the Equity Shares in this Issue is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Placement Document and the Preliminary Placement Document are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Placement Document and the Preliminary Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

This Issue is being made only to Eligible QIBs through a QIP, in reliance upon Chapter VI of the SEBI ICDR Regulations and the Companies Act. Each purchaser of the Equity Shares in this Issue will be deemed to have made acknowledgments and agreements as described under "Notice to Investors" and "Representations by Investors" on pages 3 and 5, respectively.

General

No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction other than India, or the possession, circulation or distribution of this Placement Document and the Preliminary Placement Document or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document, the Preliminary Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI ICDR Regulations, Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act, 2013 and the rules made thereunder.

Republic of India

This Placement Document and the Preliminary Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public. This Placement Document and the Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction.

Bahrain

All marketing and offering of the Equity Shares in the Issue has been made and will be made outside the Kingdom of Bahrain. This Placement Document and the Equity Shares that shall be offered pursuant to this Placement Document have not been registered, filed, approved or licensed by the Central Bank of Bahrain ("**CBB**"), the Bahrain Bourse, the Ministry of Industry, Commerce and Tourism ("**MOICT**") or any other relevant licensing authorities in the Kingdom of Bahrain.

The CBB, the Bahrain Bourse and the MOICT of the Kingdom of Bahrain takes no responsibility for the accuracy of the statements and information contained in this Placement Document, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein. This Placement Document is only intended for Accredited Investors as defined by the CBB and the Equity Shares offered by way of private placement may only be offered in minimum subscriptions of USD 100,000 (or equivalent in other currencies). No invitation to the public in the Kingdom of Bahrain to subscribe to the Equity Shares is being made and this Placement Document will not be issued to, passed to, or made available to the public generally in the Kingdom of Bahrain. The CBB has not reviewed, nor has it approved this Placement Document and any related offering documents or the marketing thereof in the Kingdom of Bahrain. The CBB is not and will not be responsible for the performance of the Equity Shares.

Cayman Islands

No offer or invitation to subscribe for Equity Shares may be made to the public in the Cayman Islands to subscribe for any of the Equity Shares but an invitation or offer may be made to sophisticated persons (as defined in the

Cayman Islands Securities Investment Business Law (the "**SIBL**"), high net worth persons (as defined in the SIBL) or otherwise in accordance with the SIBL. This Placement Document does not constitute an invitation or offer to the public in the Cayman Islands of the Equity Shares, whether by way of sale or subscription. The Equity Shares are not being offered or sold, and will not be offered or sold, directly or indirectly, to the public in the Cayman Islands.

Dubai International Financial Centre

This Placement Document relates to an Exempt Offer in accordance with the Markets Rules Module of the Dubai Financial Services Authority ("**DFSA**") Rulebook. This Placement Document is intended for distribution only to persons of a type specified in the Markets Rules Module. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Placement Document nor taken steps to verify the information set forth herein and has no responsibility for this Placement Document. The securities to which this Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this Placement Document you should consult an authorized financial advisor.

In relation to its use in the DIFC, this Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

European Economic Area

In relation to each Member State of the European Economic Area (each a "**Member State**"), no Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation), except that offers of Equity Shares may be made to the public in that Member State at any time under the following exemptions under the Prospectus Regulation:

- to any legal entity which is a qualified investor as defined under the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of Book Running Lead Manager for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Equity Shares shall result in a requirement for the publication by the Company or the BRLM of a prospectus pursuant to Article 3 of the Prospectus Regulation.

For the purposes of this section, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares.

Except for each person who is not a qualified investor and who has notified the BRLM of such fact in writing and has received the consent of the BRLM in writing to subscribe for or purchase Equity Shares in the Issue, each person in a Relevant State who acquires Equity Shares in the Issue or to whom any offer is made shall be deemed to have represented that it is a "qualified investor" as defined in the Prospectus Regulation.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Equity Shares subscribed for or acquired by it in the Issue have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Relevant State to qualified investors (as so defined) or in circumstances in which the prior consent of the BRLM has been obtained to each such proposed offer or resale.

Our Company, the BRLM and its affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Hong Kong

The Equity Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O.

No advertisement, invitation or document relating to the Equity Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO has been or will be issued, whether in Hong Kong or elsewhere.

Japan

The Equity Shares offered hereby have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). The Preliminary Placement Document and this Placement Document is not an offer of shares for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used in the Preliminary Placement Document means any person resident in Japan, including any corporation or entity organized under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Republic of Korea

The Equity Shares have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder (the "**FSCMA**"), and the Equity Shares have been and will be offered in Korea as a private placement under the FSCMA. None of the Equity Shares may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the "**FETL**"). Furthermore, the purchaser of the Equity Shares shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the Equity Shares. By the purchase of the Equity Shares, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the Equity Shares pursuant to the applicable laws and regulations of Korea.

Kuwait

This document and does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Equity Shares in the State of Kuwait. The Equity Shares have not been licensed for offering, promotion, marketing, advertisement or sale in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Equity Shares in State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of financial services/products in the State of Kuwait ("**Kuwait Securities Laws**"). No private or public offering of the Equity Shares is or will be made in the State of Kuwait, and no agreement relating to the sale of the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Equity Shares in the State of Kuwait.

Malaysia

No approval from the Securities Commission of Malaysia has been applied for or will be obtained for the offer or invitation in respect of the Issue under the Capital Markets and Services Act 2007. Neither has a prospectus been nor will be registered with the Securities Commission of Malaysia in connection with the Issue in Malaysia. Accordingly, this Placement Document or any amendment or supplement hereto or any other offering document in relation to the Issue may not be distributed in Malaysia directly or indirectly for the purpose of any offer of the Equity Shares. The Equity Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act and no person may offer for subscription or purchase any of the Equity Shares directly or indirectly to anyone in Malaysia.

Mauritius

The public of the republic of Mauritius is not invited to subscribe for the interests offered hereby. This Placement Document relates to a private placement and does not constitute an offer to the public in Mauritius to subscribe for the interests offered hereby. the interests are only being offered to a limited number of sophisticated investors meeting the eligibility criteria. no regulatory approval has been sought for the offer in Mauritius and it must be distinctly understood that the Mauritius financial services commission does not accept any responsibility for the financial soundness of or any representations made in connection with the issue. The Preliminary Placement Document and this Placement Document is for the use only of the named addressee and should not be given or shown to any other person.

New Zealand

This Placement Document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The Equity Shares offered in the Issue may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who: (a) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act; (b) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act; (c) is large within the meaning of clause 39 of Schedule 1 of the FMC Act; (d) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or (e) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Qatar and Qatar Financial Centre

Nothing in this Placement Document is intended to constitute, shall be treated as constituting or shall be deemed to constitute, any offer or sale of securities in the State of Qatar or in the Qatar Financial Centre or the inward marketing of securities or an attempt to do business, as a bank, an investment company or otherwise in the State of Qatar or in the Qatar Financial Centre other than in compliance with any laws applicable in the State of Qatar or in the Qatar Financial Centre governing the issue, offering and sale of securities under the laws of the State of Qatar and the Qatar Financial Centre.

This Placement Document and any underlying instruments or securities have not been and will not be filed with, reviewed or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Exchange or any other relevant Qatar governmental body or securities exchange. The Company has not been authorised or licenced by any Qatari governmental body or regulator to market, offer or sell the Equity Shares in the State of Qatar or in the Qatar Financial Centre.

This Placement Document is strictly private and confidential. This Placement Document is provided on an exclusive basis to the specifically intended recipient of such document, upon that person's request and initiative, and for the recipient's personal use only. It is being distributed to a limited number of qualified investors and must not be provided to any person other than the original recipient. It is not for general circulation in the State of Qatar or the Qatar Financial Centre and may not be reproduced or used for any other purpose. Any distribution of this document by the recipient to third parties in the State of Qatar or the Qatar Financial Centre is not authorised and shall be at the liability of such recipient.

Recourse against the Company and/or its affiliates may be limited or difficult and may have to be pursued in a jurisdiction outside the State of Qatar and/or the Qatar Financial Centre.

Saudi Arabia

This Placement Document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority ("**CMA**"). The CMA does not make any representation as to the accuracy or completeness of this Placement Document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Placement Document. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this Placement Document, you should consult an authorised financial adviser.

Singapore

This Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Book Running Lead Manager has represented, warranted and agreed that it has not offered or sold any Equity Shares or caused the Equity Shares to be made the subject of an invitation for subscription or purchase and will not offer or sell any Equity Shares or cause the Equity Shares to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Notification under Sections 309B(1)(a) and 309B(1)(c) of the SFA: We have determined, and hereby notify all relevant persons (as defined in Section 309A of the SFA) that the Equity Shares are: (A) prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and (B) Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment: Notice on Recommendations on Investment Products).

Sultanate of Oman

This Placement Document and the Equity Shares to which it relates may not be advertised, marketed, distributed or otherwise made available to any person in Oman without the prior consent of the Capital Market Authority ("**CMA**") and then only in accordance with any terms and conditions of such consent. In connection with the offering of Equity Shares, no prospectus has been filed with the CMA. The offering and sale of Equity Shares described in the Preliminary Placement Document and this Placement Document will not take place inside Oman. The Preliminary Placement Document and this Placement Document is strictly private and confidential and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof.

Switzerland

The Equity Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This Placement Document has been prepared without regard to the disclosure standards for issuance prospectuses under Article 652a or Article 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Equity Shares or the Issue may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Placement Document nor any other offering or marketing material relating to the Equity Shares or the Issue or us have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Placement Document will not be filed with, and the Issue will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA ("**FINMA**"), and the Issue has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Equity Shares.

The Equity Shares are being offered in Switzerland by way of a private placement, i.e., to a small number of selected investors only, without any public offer and only to investors who do not purchase the Equity Shares with the intention to distribute them to the public. The investors will be individually approached from time to time. This Placement Document, as well as any other offering or marketing material relating to the Equity Shares, is confidential and it is exclusively for the use of the individually addressed investors in connection with the offer of the Equity Shares in Switzerland and it does not constitute an offer to any other person. This Placement Document may only be used by those investors to whom it has been handed out in connection with the Issue described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in or from Switzerland.

United Arab Emirates (excluding the Dubai International Financial Centre)

This document does not constitute or contain an offer of securities to the general public in the UAE. No offering, marketing, promotion, advertising or distribution (together, "**Promotio**n") of this document or the Equity Shares may be made to the general public in the United Arab Emirates (the "**UAE**") unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the "**Promotion and Introduction Regulations**"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to non-natural person "Qualified Investors" (as such term is defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE. None of the SCA, the UAE Central Bank, the UAE Ministry of Economy or any other regulatory authority in the UAE has reviewed or approved the contents of this document nor does any such entity accept any liability for the contents of this document.

In relation to its use in the UAE, this Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. If you do not understand the contents of this Placement Document, you should consult an authorised financial adviser.

United Kingdom

No Equity Shares have been offered or will be offered pursuant to the Issue to the public in the United Kingdom prior to the publication of a prospectus in relation to the Equity Shares, except that the Equity Shares may be offered to the public in the United Kingdom at any time:

a). to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of Book Running Lead Manager for any such offer; or

c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation,

provided that no such offer of the Shares shall require the Company or any BRLMs to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

The Preliminary Placement Document and this Placement Document may not be distributed or circulated to any person in the United Kingdom other than to (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"); and (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Financial Promotion Order (all such persons together being referred to as "relevant persons"). The Preliminary Placement Document and this Placement Document is directed only at relevant persons. Other persons should not act on the Preliminary Placement Document and this Placement Document or any of its contents. The Preliminary Placement Document and this Placement Document is confidential and is being supplied to you solely for your information and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any other purpose.

United States

The Equity Shares have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in 'offshore transactions' (as defined in Regulation S) in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. For further information, see "*Purchaser Representations and Transfer Restrictions*" on page 195.

Other Jurisdictions

The distribution of this Placement Document and the offer and sale of the Equity Shares may be restricted by law in certain jurisdictions. Persons into whose possession this Placement Document comes are required to inform themselves about, and to observe, any such restrictions to the extent applicable.

PURCHASER REPRESENTATIONS AND TRANSFER RESTRICTIONS

Due to the following restrictions, investors are advised to consult their legal counsel prior to subscribing for Equity Shares or making any resale, pledge or transfer of the Equity Shares.

Pursuant to Chapter VI of the SEBI ICDR Regulations, any resale of Equity Shares, except on a recognized stock exchange, is not permitted for a period of one year from the date of Allotment. Investors are advised to consult legal counsels prior to making any resale, pledge or transfer of our Equity Shares. In addition to the above, allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, see "*Selling Restrictions*" on page 188.

Purchaser Representations and Transfer Restrictions

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

By accepting delivery of this Placement Document, Preliminary Placement Document, submitting a bid to purchase Equity Shares and/or accepting delivery of any Equity Shares, you will be deemed to have represented and agreed as follows:

- It is authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations.

- It acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that the Equity Shares are being issued in reliance upon Regulation S and such Equity Shares have not been and will not be registered under the U.S. Securities Act.

- It certifies that either (A) it is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, is located outside the United States (within the meaning of Regulation S), and it has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States, or (B) it is a broker-dealer acting on behalf of its customer and its customer has confirmed to it that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, and (ii) such customer is located outside the United States (within the meaning of Regulation S), and such customer has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States.

- It is aware of the restrictions of the offer, sale and resale of the Equity Shares pursuant to Regulation S.

- It agrees (or it is a broker-deal acting on behalf of a customer that has confirmed to it that such customer agrees) that neither it, nor any of its affiliates, nor any person acting on its behalf, will make any "directed selling efforts" as defined in Regulation S. It acknowledges and agrees that it is not purchasing any Equity Shares as a result of any "directed selling efforts" as defined in Regulation S.

- It understands that the Equity Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Equity Shares have not been and will not be registered under the U.S. Securities Act and that if in the future it decides to offer, resell, pledge or otherwise transfer any of the Equity Shares, such Equity Shares may be offered, resold, pledged or otherwise transferred only outside the United States in a transaction complying with the provisions of Rule 903 or Rule 904 of Regulation S or in a transaction otherwise exempt from the registration requirements of the U.S. Securities Act and other applicable U.S. state securities laws.

- It is a sophisticated investor and has such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. It is experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions. It and any accounts for which it is subscribing to the Equity

Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to the Company or any of the BRLM for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) is seeking to subscribe to the Equity Shares in this Issue for investment purposes and not with a view to resell or distribute them and it has no reason to anticipate any change in its circumstances, financial or otherwise, which may cause or require any sale or distribution by it of all or any part of the Equity Shares, (v) have no need for liquidity with respect to the investment in the Equity Shares, and (vi) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Equity Shares. It acknowledges that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment.

- It has been provided access to the Preliminary Placement Document and this Placement Document which it has read in its entirety.

- It agrees to indemnify and hold the Company and each of the BRLM harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations and warranties. It will not hold any of the Company or the BRLM liable with respect to its investment in the Equity Shares. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.

- Where it is subscribing to the Equity Shares for one or more managed accounts, it represents and warrants that it is authorised in writing, by each such managed account to subscribe to the Equity Shares for each managed account and to make (and it hereby makes) the acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.

- It agrees that any resale or other transfer, or attempted resale or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions shall not be recognised by the Company.

If such person is a dealer (as such term is defined under the U.S. Securities Act), it may not resell the Equity Shares in the United States prior to 40 days from the commencement of the offering of the Equity Shares. It acknowledges that the Company and the BRLM and its affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements is no longer accurate, it will promptly notify the Company and the BRLM. It agrees that the terms and provisions of the foregoing acknowledgements, representations and agreements shall inure to the benefit of and any document incorporating such acknowledgements, representations and agreements shall be enforceable by the Company, its successors and its permitted assigns, and the terms and provisions hereof shall be binding on its permitted successors in title, permitted assigns and permitted transferees. It understands that these acknowledgments, representations and undertakings are required in connection with United States securities laws and irrevocably authorizes the Company to produce these acknowledgments, representations and undertakings (or any document incorporating them) to any interested party in any administrative or legal proceedings or official enquiry with respect to the matters covered herein.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company, the BRLM or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Stock Exchanges Regulation

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. On October 3, 2018, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the "**SECC Regulations**"), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum net worth requirements for stock exchanges. The SCRA, the SCRR and the SECC Regulations along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations and guidelines concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign portfolio investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing and delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SCRA, the SCRR, the SEBI Act, and various guidelines and regulations issued by SEBI including the SEBI ICDR Regulations SEBI Listing Regulations. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, to govern the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting

Minimum Level of Public Shareholding

All listed companies (except public sector undertakings) are required to maintain a minimum public shareholding at 25%. In this regard, SEBI has provided several mechanisms to comply with this requirement. Further, where the public shareholding in a listed company falls below 25% (except public sector undertakings) at any time, such company is required to bring the public shareholding to 25% within a maximum period of 12 months from the date of such fall. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement. Our Company is in compliance with this minimum public shareholding requirement.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. The stock exchanges on a daily basis translate the circuit breaker limits based on previous day's closing level of the index. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise circuit breakers. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

BSE is one of the stock exchanges in India on which our Equity Shares are listed. Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of SEBI, with effect from August 19, 2005, BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017. It has evolved over the years into its present status as one of the premier stock exchanges of India.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. Deliveries for trades executed "on- market" are exchanged through the National Securities Clearing Corporation Limited. It has evolved over the years into its present status as one of the premier stock exchanges of India. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading ("**BOLT**") facility in 1995. This totally automated screen based trading in securities was put into practice nationwide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. In the year 2014, BSE introduced its new generation trading platform, BOLT Plus

NSE has introduced a fully automated trading system called National Exchange for Automated Trading ("**NEAT**"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

SEBI Listing Regulations

Public listed companies are required under the SEBI Listing Regulations to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to, *inter alia*, continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

SEBI Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies are governed by the SEBI Takeover Regulations which provide specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the SEBI Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The SEBI Takeover Regulations prescribe certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the SEBI Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The SEBI Takeover Regulations also provide for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition. The SEBI Takeover Regulations also provides certain general exemptions which exempt certain acquisitions from the obligation to make an open offer. The SEBI Takeover Regulations were further amended on June 22, 2020 to exempt any acquisitions by way of preferential issue from the obligation to make an open offer.

SEBI Insider Trading Regulations

The SEBI Insider Trading Regulations have been notified to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information ("**UPSI**").

The SEBI Insider Trading Regulations were notified on January 15, 2015 and came into effect on May 15, 2015, which repealed the erstwhile regulations of 1992. The SEBI Insider Trading Regulations, *inter alia*, impose certain restrictions on the communication of information by listed companies. Under the SEBI Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities listed or proposed to be listed, to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the SEBI Insider Trading Regulations.

The SEBI Insider Trading Regulations make it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the SEBI Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders. There are also initial and continuing shareholding disclosure obligations under the SEBI Insider Trading Regulations.

The SEBI Insider Trading Regulations also provides for disclosure obligations for promoter, members of the promoter group, designated person or director in case value of trade exceed monetary threshold of ₹10 lakh over a calendar quarter, within two days of reaching such threshold. The board of directors of all listed companies are required to formulate and publish on the company's website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the SEBI Insider Trading Regulations. Further, on July 17, 2020, SEBI amended the Insider Trading Regulations to prescribe that the board of directors or head(s) of listed companies shall ensure that a structured digital database be maintained, containing the nature of unpublished price sensitive information, the names and details of persons who have shared the information and the names and details person with whom information is shared.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of the Memorandum and Articles of Association and the Companies Act. Prospective investors are urged to read the Memorandum and Articles of Association carefully, and consult with their advisers, as the Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

General

The authorized share capital of our Company as of the date of this Placement Document is ₹ 1,35,05,00,000, divided into 13,50,50,000 Equity Shares of face value of ₹10 each. For further information, see "*Capital Structure*" on page 70.

Dividends

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM held each fiscal year. Under the Companies Act, unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 123 of the Companies Act, 2013 no dividend can be declared or paid by a company for any fiscal year except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act or out of the profits of the company for any previous fiscal year(s) arrived at as laid down by the Companies Act. According to the Articles of Association, the amount of dividends shall not exceed the amount recommended by the Board of Directors. However, our Company may declare a smaller dividend in the general meeting. In addition, as is permitted by the Articles of Association, the Board of the Directors may pay interim dividend as appear to it be justified by the profits of our Company, subject to the requirements of the Companies Act.

Further, as per the Companies (Declaration and Payment of Dividend) Rules, 2014, in the absence of profits in any year, a company may declare dividend out of surplus, provided: (a) the rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year; provided, this rule shall not apply to a company, which has not declared any dividend in each of the three preceding financial years (b) the total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of the paid up share capital of the company and free reserves as per the most recent audited financial statement; (c) the amount so drawn shall be first utilised to set off the losses incurred by the company in the financial year in which the dividend is declared before any dividend in respect of equity shares is declared; and (d) the balance of reserves of the company after such withdrawal shall not fall below 15% of the company's paid up share capital as per the most recent audited financial statement of the company.

The Equity Shares issued pursuant to the Preliminary Placement Document and this Placement Document shall rank pari passu with the existing Equity Shares in all respects including entitlements to any dividends that may be declared by our Company.

Capitalization of Reserves and Issue of Bonus Shares

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act permits the board of directors, if so approved by the shareholders in a general meeting, to distribute an amount transferred in the free reserves, the securities premium account or the capital redemption reserve account to its shareholders, in the form of fully paid up bonus ordinary shares, which are similar to stock dividend. These bonus ordinary shares must be distributed to shareholders in proportion to the number of ordinary shares owned by them as recommended by the board of directors. No issue of bonus shares may be made by capitalizing reserves created by revaluation of assets. Further, any issue of bonus shares would be subject to SEBI ICDR Regulations and the Companies Act, 2013.

As per the Articles of Association, a general meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company or any investments representing the same, or any other undistributed profits of the Company not subject to charge for income tax, be distributed among the members on the footing that they receive the same as capital.

Alteration of Share Capital

The Articles of Association authorize it to, from time to time, increase its share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution. Subject to the provisions of Section 61 of the Companies Act, 2013, the Company may, by ordinary resolution, (a) increase its share capital by such amount as it things expedient by issuing new shares; (b) consolidation and divide all or any of its share capital into shares of large amount than its existing shares; (c) convert all or any of its fully paid up shares into stock and reconvert that stock into fully paid up shares of any denominations; (d) sub-divide its share, or any of them, into shares of smaller amount than is fixed by the Memorandum, so however that in the sub-division the proportion between the amount, if any unpaid on each reduced share shall be the same as it was in the case of the share from which of the shares so cancelled; and (e) cancel any share, which at the date of the passing of the resolution in that behalf, have not be taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled. The resolutions where by any share is sub-divided may determine that as between the holders of the shares resulting from such sub- division one or more of such shares shall have some preference or special advantage as regard dividend, capital, voting or otherwise over or as compared with others.

General Meetings of shareholders

There are two types of general meetings of the shareholders:

AGM; and EGM.

Our Company must hold its AGM within six months after the expiry of each fiscal year provided that not more than 15 months shall elapse between the AGM and next one, unless extended by the RoC at its request for any special reason for a period not exceeding three months. The Board of Directors may convene an EGM when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than one tenth of our Company's issued paid up capital (carrying a right to vote in respect of the relevant matter on the date of receipt of the requisition).

Not less than twenty-one days' notice shall be given of every general meeting of the Company. Every notice of a meeting shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat. Where any such business consists of special business there shall be annexed to the notice a statement complying with provisions of Act. Notice of every meeting of the Company shall be given to every member of the Company, to the Auditors of the Company, and to any persons entitled to a share in consequence of the death or insolvency of a member in any manner hereinafter authorised for the giving of notices to such persons.

Register of Shareholders and Record Dates

We are obliged to maintain a register of shareholders at our registered office. We recognize as shareholders only those persons whose names appear on the register of shareholders and cannot recognize any person holding any share or part of it upon any express, implied or constructive trust, except as permitted by law. In respect of electronic transfers, the depository transfers shares by entering the name of the purchaser in its books as the beneficial owner of the shares. In turn, the name of the depository is entered into our records as the registered owner of the shares. The beneficial owner is entitled to all the rights and benefits as well as the liabilities with respect to the shares held by a depository.

Voting Rights

Subject to any rights or restrictions for the time being attached a member holding any equity share capital in the Company or proxy for any member which is a body corporate holding such capital shall have one vote and upon a poll every member present in person or by proxy shall have one vote for every Ordinary Share held by him.

The members registered in respect of Preference Shares shall not be entitled to vote at general meetings of the Company except:

(a) On any resolution placed before the Company at a general meeting at the date of which the dividend due or any part thereof remains unpaid in respect of an aggregate period of not less than two years proceeding the date of commencement of such meeting and for this purpose the dividend-shall accrue from the date of allotment and shall be payable on the ninetieth day after the annual general meeting which considers the profit and loss account for the relevant period whether or not such dividend has been declared by the Company, or

(b) On any resolution placed before the Company which directly affects the rights attached to the Preference Shares and for this purpose any resolution for the winding up of the Company or for the repayment or reduction of its share capital shall be deemed to affect the rights attached to such shares.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. Our Company has entered into an agreement for such depository services with the NSDL and CDSL. SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. Our Company shall keep a book in which every transfer or transmission of shares will be entered.

Pursuant to the SEBI Listing Regulations, in the event our Company has not effected the transfer of shares within 15 days or where our Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of 15 days, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The Equity Shares shall be freely transferable, subject to applicable laws.

Buy-back

Our Company may buy back its own Equity Shares or other specified securities subject to the provisions of the Companies Act, 2013 and any related SEBI guidelines issued in connection therewith.

Winding-up

If our Company is to be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding-up on the shares held by them respectively. And if in a winding-up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding-up the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding-up paid up or which ought to have been paid up on the shares held by them respectively. In case of the Company being wound up, whether voluntarily or otherwise the liquidators may, with the sanction of a special resolution, divide among the contributories, in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them as the liquidators, with the like sanction, shall think fit.

STATEMENT OF POSSIBLE TAX BENEFITS

To

The Board of Directors
Deepak Fertilisers and Petrochemicals Corporation Limited
Sai Hira, Survey No. 93,
Mundhwa, Pune – 411036,
Maharashtra, India

Reference: Qualified Institutions Placement of equity shares of face value ₹ 10 each ("Equity Shares") (such placement, the "Issue") by Deepak Fertilisers and Petrochemicals Corporation Limited (the "Company"/ "the Issuer") under Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations") and Sections 42 and 62 of the Companies Act, 2013.

STATEMENT ON POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

1. This report is issued in accordance with the terms of our engagement letter dated September 1, 2021.

2. The accompanying Annexure A contains details of possible tax benefits available to the Company and its shareholders under the Income Tax Act, 1961, as amended for the financial year ended March 31, 2022 (A.Y. 2022-23)" prepared by the Bord of Directors/Management. We have initialled Annexure A for identification purpose only.

3. The benefits discussed in the Annexure A are not exhaustive. We are informed that this Annexure A is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing taxation laws, each investor is advised to consult with his or her own taxation consultant with respect to the specific tax implications arising out of their participation in the Issue.

Responsibility of the Board of Directors/Management

4. The Board of Directors/Management of the Company is responsible for the preparation of the data in Annexure A including the creation and maintenance of all accounting and other records supporting its contents and framing a risk management policy for the hedging exposure to commodity price risk and freight risk and to ensure the appropriateness of the methodology to arrive at the quantum of these exposures. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and maintenance of the Annexure and risk management policy and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

5. The Board of Directors is also responsible for ensuring that the Company complies with the requirements of the amended (the "SEBI ICDR Regulations") and Sections 42 and 62 of the Companies Act, 2013 and provides all relevant information to SEBI and other government authorities.

Auditor's Responsibility

6. We are required to review and form a conclusion on whether the possible tax benefits specified in Annexure A would be reasonably available to the Company.

7. We do not express any opinion or provide any assurance as to whether:

   a. the Company, its shareholders and/or shareholders will continue to obtain these tax benefits in future;
   b. the conditions prescribed for availing the tax benefits, where applicable have been/would be met; or
   c. the revenue authorities/courts will concur with the views expressed herein.

8. We have conducted our examination in accordance with the "Guidance Note on Reports or Certificates for Special Purpose (Revised 2016)" issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

9. We have complied with the relevant applicable requirements of the Standards on Quality Control (`SQC') 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Conclusion:

10. Based on our examination and procedures performed as mentioned above, and according to the information, explanations and representations provided to us by the Board of Directors/Management, we hereby conclude that the contents of the Annexure A are based on the information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

Restriction on Use:

11. This report/certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose of enabling it to comply with its obligations under the SEBI ICDR Regulations in relation to the Issue and may accordingly be furnished as required to the BSE Limited and National Stock Exchange of India Limited or any other regulatory authorities as required and shared with and relied on by the Placement Agents, legal counsel and any other advisors and intermediaries appointed in relation to the Issue as agreed/specified in the engagement letter dated September 1, 2021 and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **P G BHAGWAT LLP**

Chartered Accountants

Firm Registration Number: 101118W / W100682

Abhijeet Bhagwat

Partner
Membership Number: 136835
Pune
October 19, 2021
UDIN: 21136835AAAAEC6152

Annexure A

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE INCOME-TAX ACT, 1961 ("THE ACT") AS AMENDED, APPLICABLE FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022, AND RELEVANT TO THE ASSESSMENT YEAR 2022-23, PRESENTLY IN FORCE IN INDIA.

The information provided below sets out the possible tax benefits available to the Company and its shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares, under the current tax laws presently in force in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on commercial imperatives a shareholder faces, may or may not choose to fulfill. We do not express any opinion or provide any assurance as to whether the Company or its shareholders will continue to obtain these benefits in future. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice.

Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on this statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue relying on this statement.

I. DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY

The Company has availed the lower corporate tax rate under Section 115BAA of the Act as amended by Finance Act 2020 and hence tax benefits available under this section has been mentioned below:

a. Deduction of additional employee cost- Section 80JJAA of the Act

The Company is eligible to claim an additional deduction of 30 per cent of additional employee cost incurred in the previous year (whose employment has the effect of increasing the total number of employees employed as on last day of preceding year), for three consecutive assessment years. This deduction is subject to the satisfaction of prescribed conditions under section 80JJAA of the Act while computing total income of the Company.

b. Deductions with respect to income by way of Dividends

Benefit may be availed under **section 80M** of the Act, newly inserted vide the Finance Act, 2020 w.e.f. AY 2021-22 (FY 2020-21), which allows deduction in respect of income by way of dividends received from any other domestic company or a foreign company or a business trust in computing the total income. However, such deduction shall not exceed the amount of dividend distributed by such corporate shareholder on or before the due date.

II. GENERAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS (Applicable to the Company as well in capacity as a Shareholder)

A. Resident Shareholders

1. Income by way of dividend from shares of the Company

1.1 Dividend income is taxable in the hands of shareholders at the applicable rate and the domestic company declaring dividend is not required to pay any DDT. The recipient shareholder shall be entitled to deduction of the interest expenditure incurred under section 57 of the Act, subject to the maximum limit of 20% of the dividend income or income from a mutual funds.
In case of corporate shareholder being a domestic company only, benefit may be availed under **section 80M** of the Act, newly inserted vide the Finance Act, 2020 w.e.f. AY 2021-22 (FY 2020-21), which allows deduction in respect of income by way of dividends received from any other domestic company or a foreign company or a business trust in computing the total income. However, such deduction shall not exceed the amount of dividend distributed by such corporate shareholder on or before the due date. This benefit would be available even if the corporate shareholder opts for concessional tax regime under section 115BAA of the Act.

2. Taxability under the head "Capital Gains"

2.1 The characterization of gains/losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding (whether for investment or carrying on trading in shares) in the hands of the shareholder and various other factors including clarifications/ instructions issued by the Central Government in this regard. The tax incidence on such gains would accordingly be different.

2.2 Capital assets may be categorized into short term capital assets or long-term capital assets based on the period of holding. Income arising from transfer of shares of the Company held for more than 12 months and subject to securities transaction tax, shall be considered as long-term capital assets. The shares which are not considered as long-term capital assets shall be considered as short-term capital assets

2.3 Section 112A of the Act provides for concessional rate of 10% (plus applicable surcharge and cess) on long term capital gains (exceeding Rs. 1,00,000) arising from equity shares of the Company, if STT has been paid on both acquisition and transfer of such shares. The benefit of indexation under the second proviso to section 48 of the Act shall not be applicable for computing long term capital gains taxable under section 112A of the Act.

As per section 112 of the Act, the tax on long term capital gains resulting on transfer of listed shares of the Company (other than those covered under section 112A) shall be the lower of the following:
a. 20% (plus applicable surcharge and cess) with indexation benefit; or
b. 10% (plus applicable surcharge and cess) without indexation benefit.

As per the provisions of section 111A of the Act, short term capital gain arising from transfer of equity share in the Company through a recognized stock exchange and subject to STT shall be taxable at a concessional rate of 15% (plus applicable surcharge and cess if any).

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

For the purpose of this section, in case of listed equity shares, the FMV shall be the highest price quoted on a recognized stock exchange on January 31, 2018.

No deduction under Chapter VIA of the Act shall be allowed from such LTCG and STCG.

Further, as per second proviso to section 111A of the Act, the requirement of a transfer being chargeable to STT is not applicable to:

a. transactions undertaken on a recognized stock exchange located in International Financial Services Centre; and
b. the consideration for such transactions is payable in foreign currency.

3. Taxability under head "*income from business and profession'*

Where the gains arising on the transfer of shares of the Company are included in the business income of a shareholder and assessable under the head "Profits and Gains from Business or Profession" and on such transfer is subjected to STT, then such STT shall be a deductible expense from the business income as per the provisions of section 36(1)(xv) of the Act.

As per section 72 of the Act, business loss (other than loss on speculation business), if any, for an assessment year can be carried forward and set off against business profits for eight subsequent years.

B. Non-resident shareholders other than Foreign Portfolio Investors ("FPI")

1. **Income by way of dividend**

Dividend income earned on shares of the Company will be taxable in the hands of shareholders as 'income from other sources' at tax rate applicable to such shareholder subject to tax treaty benefits if any.

2. **Taxability under the head "Capital Gains"**

In case the Capital gain becomes chargeable to tax in India, the regime of taxation would be similar to tax treatment as mentioned in para 2 of point A above.

3. Taxability under head "*income from business and profession'*

Where the gains arising on the transfer of shares of the Company are included in the business income of a shareholder and assessable under the head "Profits and Gains from Business or Profession" and on such transfer is subjected to STT, then such STT shall be a deductible expense from the business income as per the provisions of section 36(1)(xv) of the Act.

Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the AADT between India and the country of tax residence of the non-resident or the provisions of the Act, to the extent they are more beneficial to the non-resident.

C. Non-resident shareholders – FPIs

1. Income by way of dividend

The tax treatment is similar as in the case of other non-resident shareholders. Refer point B.1 above

2. **Taxability under the head "Capital Gains"**

As per section 2(14) of the Act, transfer of any shares/ securities (other than those held as stock in trade) being invested in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 shall be deemed to be treated as Capital Gains.

Income arising from transfer of shares of the Company held for more than 12 months and subject to securities transaction tax, shall be considered as long-term capital assets. The shares which are not considered as long-term capital assets shall be considered as short-term capital assets.

Section 115AD read with section 112A of the Act provides for concessional rate of 10% (plus applicable surcharge and cess) on long term capital gains (exceeding Rs. 1,00,000) arising from equity shares of the Company, if STT has been paid on both acquisition and transfer of such shares. The benefit of indexation under the second proviso to section 48 of the Act shall not be applicable for computing long term capital gains taxable under section 112A of the Act.

As per section 115AD of the Act, the tax on long term capital gains resulting on transfer of listed shares of the Company (other than those covered under section 112A) shall be 10% (plus applicable surcharge and cess) without indexation benefit

Under section 115AD(1)(ii) of the Act, income by way of short term capital gains arising to the FPI/ FII on transfer of shares of the Company shall be chargeable at the rate of 15% (plus applicable surcharge and cess) if such transaction of sale is entered on a recognised stock exchange in India and is chargeable to STT.

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years

Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the AADT between India and the country of tax residence of the non-resident or the provisions of the Act, to the extent they are more beneficial to the non-resident.

D. MUTUAL FUNDS

Under section 10(23D) of the Act, any income of mutual funds registered under Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India and subject to the conditions specified therein, is exempt from tax subject to such conditions as the Central Government may by notification in the Official Gazette, in this behalf.

E. MULTI-LATERAL AND BILATERAL DEVELOPMENT FINANCIAL INSTITUTIONS:

Generally, multilateral and bilateral development financial institutions may be exempt from taxation in India on the capital gains arising on the sale of shares of the Company depending on the applicable Statute and Acts passed in India. In case they are not specifically exempt from tax then the provisions as applicable for capital gains to a non-resident FPI, as they should be registered as FPI, should apply to these institutions.

IX. WITHHOLDING TAX PROVISIONS

Withholding tax provisions under the Act for Capital Gains

Presently, no income tax is required to be withheld at source from income by way of capital gains arising to a resident shareholder on sale of shares, under the current provisions of the Act.

Notes:

1) The statement of tax benefits enumerated above is as per the Income-tax Act, 1961, as amended by the Finance Act, 2021 (**"FA"**).

2) Surcharge is levied on firm, co-operative society and local authority at the rate of 12% on tax where the total income exceeds ₹ 10 million.

3) Surcharge is to be levied on domestic companies at the rate of 7% on tax where the income exceeds ₹ 10 million but does not exceed ₹ 100 million and at the rate of 12% on tax where the income exceeds ₹ 100 million. Surcharge is to be levied at the rate of 10% in case of domestic companies opting for Section 115BAA/115BAB.

4) Surcharge is to be levied on every company other than domestic company at the rate of 2% on tax where the income exceeds ₹ 10 million but does not exceed ₹100 million and at the rate of 5% where the income exceeds ₹ 100 million.

5) Surcharge is to be levied on Individuals, HUF, AOP and BOI at the rate of 10 per cent on tax, where the net income exceeds ₹ 5 million does not exceed ₹ 10 million and at the rate of 15 per cent on tax, where the net income exceeds ₹ 10 million but does not exceed ₹ 20 million and at the rate of 25 per cent on tax, where the net income exceeds ₹ 20 million but does not exceed ₹ 50 million and at the rate of 37 per cent on tax, where the net income exceeds ₹ 50 million.

6) The enhanced surcharge of 25% & 37% is not levied on income chargeable to tax under sections 111A, 112A, 115AD and dividend income. The maximum rate of surcharge on tax payable on such incomes shall be 15 per cent.

7) For other Assesses surcharge at the rate of 12% shall be applicable if the total income exceeds ₹ 10 million.

8) Health and Education Cess is to be levied at the rate of 4% on aggregate of income tax and surcharge.

9) All the above tax benefits are dependent on the company / shareholders fulfilling the prescribed conditions. In general, the purpose of the prescribed conditions is to prove eligibility for the tax benefit and genuineness of the transaction.

10)All the tax benefits have to pass the test of Chapter X-A titled as "General Anti Avoidance Rule". The purpose of this chapter is to deny tax benefit for a transaction or arrangement which lacks commercial substance or is not genuine.

For Deepak Fertilisers and Petrochemicals Corporation Limited
Signature
Name
Designation
Date
Place

LEGAL PROCEEDINGS

Our Company and our Subsidiaries are subject to various legal proceedings from time to time, mostly arising in the ordinary course of our business. As on the date of this Placement Document, there is no outstanding legal proceeding which has been considered material in accordance with our Company's policy in relation to disclosure of material events framed in accordance with Regulation 30 of the SEBI Listing Regulations.

Additionally, solely for the purpose of the Issue, our Company has also disclosed in this section, (i) all outstanding criminal proceedings involving the Company and its Subsidiaries; (ii) all outstanding actions alleging violation of statutory regulations or regulatory requirements by the Company and/or its Subsidiaries; (iii) all claims related to direct and indirect tax, involving the Company and/or its Subsidiaries, on a consolidated basis in respect of each entity; (iv) all outstanding civil proceedings involving the Company and/or its Subsidiaries, which involve an amount equivalent to or above₹ 406.44 lakhs (being 1% of consolidated profit after tax for Fiscal 2021; (v) any other civil proceedings involving the Company and/or its Subsidiaries, wherein a monetary liability is not determinable or quantifiable, or which does not exceed the threshold as specified in (iv) above, however, the outcome of which if results in an adverse outcome would have a material adverse effect on the financial position, business, operations, prospects or reputation of the Company, on a consolidated basis; and (vi)all outstanding litigations (including criminal litigation) involving our Directors and Promoters, an adverse outcome of which will have materially and adversely affect the financial position, business, operations, prospects or reputation of the Company, on a consolidated basis

Further, other than as disclosed in this section, (i) there are no litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any of our Promoters during the last three years immediately preceding the year of circulation of this Placement Document and no directions have been issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action; (ii) there are no inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956 in the last three years immediately preceding the year of circulation of this Placement Document involving our Company or any of its Subsidiaries nor are there any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Placement Document involving our Company or its Subsidiaries; (iii) there are no defaults in repayment of (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interests thereon and (d) any loan obtained from any bank or financial institution and interest thereon, as of the date of this Placement Document; (iv) there are no material frauds committed against us in the last three years; (v) there are no defaults in annual filing of our Company under the Companies Act, 2013 and the rules made thereunder; and (vi) there are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations.

It is clarified that for the purposes of the above, pre-litigation notices received by the Company, Subsidiaries, Directors, Promoters (excluding statutory/regulatory/governmental authorities or notices threatening criminal action) shall, unless otherwise decided by the Board, not be considered as litigation until such time that the Company or any of its Subsidiaries, Directors, Promoters, as the case may be, is impleaded as a party in litigation proceedings before any judicial forum.

I. Litigation involving our Company and its Subsidiaries

(A) Outstanding criminal proceedings

Against our Company

1. M/s. Virgo Homes Designer Private Limited ("**Applicant**") has filed a criminal revision application ("**Application**") before Additional District and Sessions Judge, Pune, against Senior Inspector of Police, Yerawada Police Station, our Company and certain of our Directors, namely Sailesh Chimanlal Mehta, Berjis Minoo Desai, Ashok Kumar Purwaha, Parul Sailesh Mehta, Partha Bhattacharya and Madhumilan Shinde (together, the "**Respondents**") challenging an order of the Judicial Magistrate, First Class, Pune ("**Magistrate Court**") by which the Magistrate had dismissed an application made by the Applicant to register a FIR against our Company, arising *inter alia* out of a leave and license agreement entered into between the Applicant and our Company. The matter is currently pending.

2. Mr. Tarun Thadani and certain other persons ("**Petitioners**") have filed a writ petition before the High Court of Bombay for, *inter alia*, de-freezing of the bank accounts and the recurring deposit accounts of the

Petitioners in connection with the FIR registered by our Company with the Mundhwa Police Station, Pune relating to systematic fabrication of documents, internal memos for commission of fraud and acting in concert with persons committing fraud in relation to insurance policies of our Company ("**Petition**"). Our Company is a formal party to the said Petition. Our Company has appeared and filed its reply, protesting the de-freezing of banks accounts. The matter is currently pending.

By our Company

1. Our company has filed a complaint under Sections 499 & 500 of Indian Penal Code, 1860 and Sections 71, 72 and 74 of Information Technology Act, 2000 before Judicial Magistrate First Class, Pune ("**JMFC**") against one of its ex-employees namely Mr. Vimal Sharma ("**Respondent**"). It was alleged that the Respondent under fictitious user ID started making negative and adverse comments against the Company and its employees online. It is also alleged that circulation of various blogs containing negative, false and defamatory material against the Company in public domain has resulted in financial losses to the tune of ₹55,600 lakhs due to the negative publicity resorted by the Respondent. The matter is currently pending.

Cases under Section 138 of the Negotiable Instruments Act

Our Company and its Subsidiaries, in the ordinary course of business, has initiated 32 proceedings involving an amount of ₹ 44.96 lakhs, against defaulting customers under Section 138 of the Negotiable Instruments Act.

(B) Pending actions by statutory and regulatory authorities

1. Ram Baban Borkar and Tanaji Balasaheb Gambhire have filed an application before the National Green Tribunal, Western Zone Bench, Pune for, *inter alia*, alleging violation of Environmental Clearance (EC) norms of EC permission granted in the year 2007 and challenging the Environmental Clearance granted by order dated July 20, 2020 to the Company. It is also alleged that the Company has constructed more than permissible limits in violation of EC permission of 2007. NGT passed an interim order dated December 10, 2020 in appeal filed by Ram Baban Borkar requiring a joint Committee of SEIAA, Maharashtra ("**Committee**"), the CPCB and the Maharashtra State PCB to look into the matter and give a factual and action taken report, with SEIAA, Maharashtra being the nodal agency for coordination and compliance. The report was to be given within two months of the said order. The appeals then got adjourned from time to time. The Committee has sought further time for submission of the said report on the date of the final listing of the matter. The report of Committee is awaited and the matter is now posted for a future date for submission of the report. Both the matters are clubbed together and are currently pending.

2. Our Company had undergone re-structuring exercise wherein the TAN and Fertiliser undertakings were transferred to its wholly owned subsidiary, Smartchem Technologies Limited and the order from NCLT was received in April, 2017 and filed with RoC on May 2, 2017. Therefore, the Audit of Accounts consequent to the demerger as aforesaid got delayed. The Company had sought necessary permissions from the stock exchanges to this effect and the Accounts were approved on June 30, 2017 by the Board. The stock exchanges levied a fine of ₹ 22.60 lakhs which was paid by our Company under protest. The Company represented the matter before SEBI. SEBI vide its order dated August 1, 2018 had rejected the Company's application to waive the fine imposed by the stock exchanges. Company has preferred an appeal with Securities Appellate Tribunal against the aforesaid SEBI's order rejecting the Company's application. The Securities Appellate Tribunal *vide* its order dated September 28, 2021, has set aside the order dated August 1, 2018 passed by SEBI and directed SEBI to pass fresh order in accordance with law in the light of the observations made in the appeal before SAT.

3. SEBI vide its letter date June 3, 2021 is conducting an investigation in the matter of suspected insider trading by certain entities in the scrip of the Company for the period June 1, 2020 to September 30, 2020 and has sought certain information/ explanation. The Company has provided the relevant information and explanation to SEBI and no further developments have taken place till date.

4. The Labour Department, Government of Maharashtra has filed a complaint against our Company for alleged contravention of notification dated June 24, 2015 issued by Industry, Energy and Labour Department, Government of Maharashtra under Section 10(1) of the Contract Labour (Regulation and Abolition) Act, 1970 and the rules framed thereunder which empower the government to prohibit employment of contract labour in any process, operation or other work in any establishment through a gazette notification. The Department abolished contract labour system in our Company's factory establishments. In response, our Company filed a Writ Petition before the High Court of Bombay ("**High Court**"), to quash the notifications

issued, *inter alia* being infructuous pursuant to subsequent notification issued by Government of Maharashtra on August 19, 2016. The High Court passed an order not to take any coercive steps against our Company. Company has made an application before lower court for dismissal of the complaint pursuant to later notification. Both matters are currently pending.

In addition to the above, 99 cases are pending against our Company and its Subsidiaries in relation to inter alia offences related to alleged sale of non-standard quality of the fertiliser products under the Fertiliser (Control) Order, 1985 read with the Essential Commodities Act, 1955. The cases are arising out of the complaints initiated by various quality control inspectors who have collected samples of fertilizers from the stock of the Company and its Subsidiaries and found them to be of non-standard quality as per the report of the Fertiliser Quality Control Laboratory. These matters are currently pending at various stages of adjudication before various adjudication forums/ courts in India.

(C) Other material outstanding litigation

Material outstanding litigation against our Company

1. GAIL (India) Limited (**"GAIL"**) and our Company had entered into Gas Sales and Transportation Contract ("**GSTC 2006**"). Post expiry of the GSTC 2006, our Company and GAIL executed a fresh Gas Sales and Transportation Agreement ("**GSTA 2010**"). Pursuant to these agreements, a dispute arose with respect to the price and usage of gas being provided by GAIL to our Company ("**Claims**"). Thereafter, GAIL initiated arbitral proceedings for adjudication of its claims under GSTC 2006 and GSTA 2010. The Company filed an Application before the Sole Arbitrator (**"Tribunal**") for interim relief on claims made by GAIL pursuant to expired and time barred agreement GSTC 2006, pursuant to which an order was passed by the Tribunal, in favour of our Company, *inter alia* holding that claims under GSTC 2006 were not arbitrable and barred by limitation. The parties were discharged of their respective obligations under GSTC 2006 ("**Order**"). Further, the Tribunal also passed an award rejecting the Claims filed by the GAIL ("**Award**"). Pursuant to the said Award, it was held by the Tribunal *inter alia* that the Claims for the period between January 1, 2011 to October 15, 2013 were barred by limitation and the Claims for the period between October 15, 2013 to March 31, 2016 were not maintainable. Additionally, the Tribunal also directed GAIL to pay costs to our Company. Subsequently, GAIL filed separate appeals against the Order and Award ("**Appeals**") before the High Court of Delhi (**"High Court"**). The High Court dismissed both the Appeals through a combined judgement holding *inter alia* that there was no error in the Order and Award which warranted interference by the court ("**HC Judgement**"). Subsequently, GAIL has filed a petition under Section 7 of the Commercial Courts, Commercial Division and Commercial Appellate Division of the High Court Act, 2015 read with the Arbitration and Conciliation Act, 1996 before the High Court against the HC Judgement with respect to the dismissal of the Award. GAIL also filed a special leave petition before the Supreme Court of India challenging the HC Judgement with respect to the dismissal of the Appeal against the Order. There is no stay on the Order, Award and HC Judgement. The amount involved in this matter is ₹ 35,701.06 lakhs. The matter is currently pending.

2. Maharashtra State Electricity Distribution Company Limited ("**Petitioner**"), has filed a writ petition in the High Court of Bombay ("**High Court**") challenging an order ("**Order**") dated January 31, 2013 passed by the Appellate Authority under Section 127 of the Electricity Act, 2003. The Order allowed an appeal filed by our Company against the Order passed by the Assessing Officer directing our Company to pay ₹570.46 lakhs to the Petitioner pursuant to the bills issued by the Petitioner for alleged violation of clause 13 of the agreement to supply electricity to our Company's mall 'Ishanya', (now called as "Creaticity") entered into by the Petitioner and our Company. The Petitioner alleged that our Company was extending electricity supplied under this agreement to shop owners/tenants/occupiers in the mall without the prior consent of the Petitioner, which amounts to sale of electricity. The matter is currently pending.

3. Ganon Dunkerley & Co. Limited (**"Petitioner"**) has filed a civil suit before the Civil Judge, Senior Division, Panvel (**"Civil Judge"**) against our Company alleging non-payment of dues and illegal misappropriation in relation to the civil and structural work conducted by the Petitioner at our Company's premises pursuant to a letter of intent ("**Letter of Intent**") claiming an amount of ₹1,046.62 lakhs. Our Company has filed an application under section 8 of the Arbitration and Conciliation Act, 1996 ("**Arbitration Act**") before the Civil Judge for invocation of arbitration proceedings. Subsequently, the Civil Judge, pursuant to its order, disposed the suit and allowed the parties to adopt the process under the Arbitration Act as per the Letter of Intent ("**Order**"). Thereafter, the Petitioner has filed a writ petition before the High Court of Bombay (**"High Court"**) challenging the Order to the extent it disposed of the entire suit without appointing an arbitrator in accordance with Section 8 of the Arbitration Act. The matter is currently pending.

4. IBI Chematur (Engineering & Consultancy) Limited has filed a company petition against our Company before National Company Law Tribunal, Mumbai bench ("**Tribunal**") to pass an order under Section 9 of the Insolvency and Bankruptcy Code, 2016 alleging the default in making the payment of operational debt amounting to approximately ₹ 187.80 lakhs in relation to the establishment of EPCM Services for the Company (Nitric Acid Project). The matter is yet to be admitted by the Tribunal.

Material outstanding litigation by our Company

1. Our Company had filed a writ petition ("**Petition**") against Oil and Natural Gas Corporation Limited ("**ONGC**") before the High Court of Bombay ("**High Court**") alleging ad-hoc and arbitrary fixation of gas price by ONGC. The Petition was dismissed by the High Court. Thereafter, our Company filed a notice of motion before the High Court to highlight the impropriety of amount being charged from our Company by ONGC and to seek fresh invoices accounting for the rebate to which our Company is entitled pursuant to which the High Court, through its order ("**Order**"), directed ONGC to issue fresh, revised invoices reflecting the difference in prices and our Company to pay the same. However, ONGC thereafter filed a precipe to the High Court claiming that our Company had committed default in payment of instalments and wanted to invoke bank guarantee. Thereafter, our Company filed a notice of motion seeking to restrain ONGC from invoking the bank guarantee. However, ONGC allegedly issued improper revised invoices claiming arbitrary amount ("**Revised Invoices**"), and a notice of motion filed by our Company against the Revised Invoices was dismissed by the High Court directing our Company to pay the amount per the Order. Thereafter, our Company filed a suit against ONGC before the High Court for recovery of ₹ 686.28 lakhs and additional interest of ₹4,950.41 lakhs alleging illegal charges by ONGC including the transportation cost in the cost of gas consumed by our Company between December 1983 and January 1987. The matter is currently pending.

2. Our Company has filed a special civil suit before the Court of Civil Judge, Senior Division, Pune against Tarun Thadani, Amulya Aggarwal, erstwhile employees of our Company and certain other individuals and entities for recovery of a sum of ₹ 1,044.59 lakhs alleging systematic fabrication of documents, internal memos for commission of fraud and acting in concert with persons committing fraud in relation to insurance policies of our Company. The matter is currently pending. In connection with this, our Company has also registered an FIR with Mundhwa Police Station, Pune against Tarun Thadani & Ors. for, *inter alia,* commission of fraud, misappropriation, cheating and acting in concert with persons committing fraud in relation to insurance policies of our Company. The matter is under investigation and is currently pending in the court.

3. Our Company has filed two separate writ petitions in the High Court of Delhi ("**High Court**") against Union of India ("**UOI**"), Petroleum and Natural Gas Regulatory Board ("**PNGRB**") and GAIL (India) Limited ("**GAIL**") and UOI, PNGRB, GSPC Energy Limited ("**GSPC**") (the "**Respondents**") challenging *inter alia* the constitutional validity of the amendment to clause 9(4) of Schedule A of the Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Regulations, 2008 ("**Regulations**") and final tariff order, dated September 27, 2018, zonal tariff order dated December 10, 2018 passed pursuant to Regulation ("**Order")** on the grounds that the Amendment is allegedly retrospective in nature and beyond the powers of PNGRB ("**Petitions**"). Further, the Petitions also challenged the debit notes issued by GAIL and GSPC retrospectively amounting to ₹ 762.02 lakhs and ₹ 168.39 lakhs, respectively, against our Company pursuant to the Order ("**Demand**"). The High Court passed an interim order directing the Respondents not to enforce the demands in any manner. The Petitions thereafter are being heard by the High Court together. The matter is currently pending.

4. Our Company filed a petition in the High Court of Punjab and Haryana ("**High Court**") against the State of Haryana and the Haryana State Industrial and Infrastructure Development Corporation (collectively, the "**Respondents**") challenging the two notices issued by the Respondent for enhancement of land cost of ₹731.06 lakhs pursuant to the terms of the sale deed between our Company and the Respondents for allotment of land ("**Notices**"). The Company thereafter also filed an interim application before the High Court seeking a stay on the Notices or for restraining the Respondents from demanding the enhanced costs. The High Court *vide* an interim order instructed the petitioner to deposit 50% of the amount demanded and stayed the recovery of the balance amount. The matter is currently pending.

5. The Maharashtra Industrial Development Corporation ("**MIDC**") issued a notice ("**Notice**") to our Company demanding a capital contribution of ₹ 742.80 lakhs ("**Demand**") pursuant to the orders of the National Green Tribunal, Principal Bench, New Delhi which imposed penalties on certain defaulting members of the Taloja Manufacturers Association for non-compliance of certain environmental laws ("**Orders**"). Our Company has filed an application seeking intervention ("**Intervening Application**") in the appeal filed by the Taloja

Manufacturers Association ("**Appeal**") against the Orders which is pending before the Supreme Court of India ("**Supreme Court**") alleging coercion by MIDC for payment of the Demand. As the decision of the Supreme Court in the Appeal is likely to affect the rights of our Company, the Intervening Application has been filed. The matter is currently pending.

(D) Tax Proceedings

Nature of proceeding	Number of proceedings	Amount involved (in ₹ lakhs)*
Direct tax	21	11,602
Indirect tax	44	15,412
Total	**65**	**27,014**

**To the extent quantifiable/ determinable*

II. Litigations involving our Subsidiaries

(A) Outstanding criminal proceedings involving our Subsidiaries

Except as disclosed under "*Litigation involving our Company and/or its Subsidiaries – Cases under Section 138 of the Negotiable Instruments Act*", there are no outstanding criminal proceedings involving our Subsidiaries.

(B) Pending actions by statutory and regulatory authorities against our Subsidiaries

Except as disclosed under "*Litigation involving our Company and/or its Subsidiaries – Pending actions by statutory and regulatory authorities",* there are no pending actions by statutory and regulatory authorities against our Subsidiaries.

(C) Tax Proceedings

Nature of proceeding	Number of proceedings	Amount involved* (in ₹ lakhs)
Direct tax#	6	99
Indirect tax##	48	2,570
Total	**55**	**2,669**

**To the extent quantifiable/ determinable.*
 # Includes three direct tax proceedings against Smartchem Technologies Limited and one proceeding, each against Performance Chemiserve Limited, SCM Fertichem Limited, and Mahadhan Farm Technologies Private Limited.
All indirect tax proceedings are against Smartchem Technologies Limited.

III. Litigation involving our Directors

(A) Outstanding criminal proceedings involving our Director(s):

1. Company Petition titled *Union of India v Gitanjali Gems Limited*, was filed before the NCLT, Mumbai ("**NCLT**"), under Sections 221, 222 241, 242, 246 read with Section 339 of the Companies Act, 2013; wherein Sujal Shah was sought to be arrayed as Respondent No. 43. The Company Petition, *inter alia,* seeks reliefs to the extent of directing the respondents to disclose their moveable and immovable properties/assets including Bank Accounts owned by them in India or anywhere in the world with a further payer that the Respondents be restrained from mortgaging or create charge or lien or third party interest or in any way alienating the properties owned by them with a further prayer seeking attachment of the said properties. The only allegation against Sujal Shah herein finds mention in Paragraph 2 of the Company Petition wherein it has been mentioned that "*Respondent Nos. 14, 18, 35, 38, 41, 42, 43, 45, 46, 47, 48 and 49 are the Directors/KMP of the Company during the period when the financial fraud was committed".* An ex parte interim order dated February 23, 2018 passed by NCLT, injuncting all the Respondents and others from removing, transferring, disposing off funds, assets and properties of the entities and individuals mentioned in the said order ("**Order**"). Sujal Shah filed an application seeking vacation of the Order and for dismissal of the Petition. A common order was passed by the NCLT dated April 2, 2018 vacating the Order qua Sujal Shah ("**NCLT Order**"). Union of India preferred an Appeal before the National Company Law Appellate Tribunal, New Delhi ("**NCLAT**") challenging NCLT Order. Order dated July 12, 2018 was passed by the NCLAT thereby allowing the Appeals and setting aside the NCLT Order ("**NCLAT Order**"). Sujal Shah thereafter filed civil appeals before the Supreme Court of India challenging the Order and NCLAT Order.

The Hon'ble Supreme Court has by its order dated September 14, 2018 admitted the appeals and stayed the operation of the judgment and NCLAT Order. The matter is pending.

2. A complaint was filed before LIX Addl. City Civil and Sessions Judge Bangalore, Bengaluru ("**Judge**") titled *The Serious Fraud Investigation Office Vs. Kingfisher Aviation & Training Services Ltd. & Ors.* The complaint alleges commission of offences punishable under sections 68 and 628 of the Companies Act 1956 for alleged violation of sections 75, 211 and 211 (3C) of the Companies Act 1956 during the period 2005 to 2012 in relation to an alleged comprehensive scheme in a series of acts and/or omissions and the pre-merger, merger and post-merger stages of Kingfisher Aviation and Training Services Limited (*erstwhile Kingfisher Airlines Limited*) and Kingfisher Airlines Limited (*erstwhile Deccan Aviation Limited*). Sujal Shah has been arrayed as one of the accused in the complaint and the acts and/or omissions are alleged to be during the period 2007 to 2008 and relate to an assignment i.e. valuation and suggested share swap ratio, carried out by the firm M/s. Dalal & Shah, Chartered Accountants, in which Sujal Shah at the relevant time was a partner. In the above complaint, the order of cognizance and process was passed on December 28, 2017 by the Judge ("**Order**"). Whilst, papers and proceedings have not been served on Sujal Shah, he learnt of this through news reports as well as from others, who have been parties. The Order was challenged before the Karnataka High Court at Bangalore ("**High Court**"), in a writ petition, titled *Sujal Shah vs. Serious Fraud Investigation Office*. By order dated February 9, 2018 the High Court has granted stay of the proceedings before Judge. This order has been continued from time to time and in force as on date. The matter is currently pending.

3. For further details in relation to criminal proceedings involving our Directors, please see "*Outstanding Criminal proceedings involving our Company.*"

(B) Pending actions by statutory and regulatory authorities against our Directors

For further details in relation to such proceedings involving our Directors, please see *"Pending actions by statutory and regulatory authorities against our Subsidiaries."*

IV. Details of legal action taken by any Ministry or Department of the Government or a statutory authority against our Promoters during the last three years immediately preceding the year of circulation of this Placement Document and any direction issued by any such Ministry or Department or statutory authority upon conclusion of such litigation or legal action

As on the date of this Placement Document, there are no litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against our Promoters during the last three years immediately preceding the year of circulation of this Placement Document and no direction has been issued by any such Ministry or Department or statutory authority upon conclusion of such litigation or legal action.

V. ***Inquiries, inspections or investigations under Companies Act***

Except as disclosed below, there have been no inquiries, inspections or investigations initiated or conducted against our Company or its Subsidiaries under the Companies Act, 2013 or the Companies Act, 1956 in the last three years immediately preceding the year of circulation of this Placement Document, nor have there been any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Placement Document involving our Company or its Subsidiaries.

Our Company has received an order under Section 203(1) of the Companies Act, 2013 from Registrar of Companies, Pune (RoC) on December 8, 2020 seeking some information/ explanations pertaining to, *inter alia*, the balance sheets from Fiscal 2016 to Fiscal 2020 and IT returns for Fiscal 2016 to Fiscal 2019. Accordingly, the necessary information/ explanations have been submitted to the RoC vide a reply letter dated December 21, 2020. Post submission of the reply, no further communication has been received from the RoC.

VI. Details of acts of material frauds committed against our Company in the last three years, if any, and if so, the action taken by our Company

There have been no material frauds committed against our Company in the last three years preceding the date of this Placement Document.

VII. Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues; debentures and interests thereon; deposits and interest thereon; and loan

from any bank or financial institution and interest thereon

As on the date of this Placement Document, our Company has no outstanding defaults in repayment of statutory dues, dues payable to holders of any debentures and interest thereon, deposits and interest thereon and loans and interest thereon from any bank or financial institution, except where there is dispute under litigation.

VIII. Summary of reservations, qualifications or adverse remarks of auditors in the last five Fiscal Years immediately preceding the year of circulation of this Placement Document and of their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remark

Except as disclosed under the chapter "*Management's Discussion and Analysis of Financial Condition and Results of Operations- Reservations, Qualifications and Adverse Remarks Included In Financial Statements*", no reservations, qualifications or adverse remarks have been given by our auditors in the last five Fiscal Years immediately preceding the year of circulation of this Placement Document.

IX. Details of defaults in annual filing of our Company under the Companies Act, 2013 and the rules made thereunder

As on the date of this Placement Document, our Company has not made any default in annual filings of the Company under the Companies Act, 2013 and the rules made thereunder.

X. Details of significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations

As on the date of this Placement Document, there are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations.

OUR STATUTORY AUDITORS

P G Bhagwat LLP, Chartered Accountants are our Statutory Auditors.

P G Bhagwat LLP, Chartered Accountants have audited the Audited Consolidated Financial Statements for Fiscal 2021 which are included in this Placement Document in "*Financial Statements*" on page 224.

P G Bhagwat LLP, Chartered Accountants, have performed a review of the Unaudited Consolidated Financial Results as at and for the three months ended June 30, 2021 in accordance with the Standard on Review Engagements (SRE) 2410 and have issued a review report dated August 10, 2021 on the Unaudited Consolidated Financial Results, which is included in this Placement Document in "*Financial Statements*" on page 224.

GENERAL INFORMATION

1. Our Company was originally incorporated as 'Deepak Fertilisers and Petrochemicals Corporation Private Limited' at Mumbai pursuant to a certificate of incorporation dated May 31, 1979 issued by the RoC, under the Companies Act, 1956. Subsequently, the name of our Company changed to 'Deepak Fertilisers and Petrochemicals Corporation Limited' and a fresh certificate of incorporation consequent on change of name dated on June 14, 1979 was issued by the RoC, Maharashtra under the Companies Act, 1956.

2. The Registered and Corporate Office of our Company is situated at Sai Hira, Survey No. 93 Mundhwa, Pune - 411 036, Maharashtra, India.

3. The CIN of our Company is L24121MH1979PLC021360

4. The Board of Directors has authorized the Issue in their meeting held on May 28, 2021 and it has been approved by our shareholders through Extra-ordinary General Meeting on August 26, 2021.

5. The Equity Shares are listed on BSE and NSE.

6. The website of our Company is www.dfpcl.com

7. The authorized share capital of our Company as of the date of this Placement Document is ₹ 1,35,05,00,000, divided into 13,50,50,000 Equity Shares of face value of ₹10 each. Our issued, subscribed and paid up equity share capital as of the date of this Placement Document is ₹ 1,08,15,39,190 divided into 10,81,53,919 Equity Shares of ₹ 10 each

8. Our Company has received in-principle approvals under Regulation 28(1) of the Listing Regulations from BSE and NSE on October 19, 2021. We will apply for final listing and trading approvals of the Equity Shares on BSE and NSE.

9. For the main objects of our Company, please refer to Memorandum of Association. Copies of Memorandum and Articles of Association will be available for inspection between 11:00 am to 1:00 pm on all working days, except Saturdays during the Bid/Issue Period at the Registered Office.

10. Our Company has obtained necessary consents, approvals and authorizations, wherever applicable, in connection with the Issue.

11. Except as disclosed in this Placement Document, there are no material litigation or arbitration proceedings pending against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which may have a material adverse effect on the Issue. For further details, see "*Legal Proceedings*" on page 213.

12. There have been no defaults in the annual filings of our Company under the Companies Act or the rules made thereunder.

13. Except as disclosed in this Placement Document, there has been no material change in the financial or trading position of our Company since the date of the Unaudited Consolidated Financial Results, which has been included in this Placement Document.

14. Our Company confirms that it is in compliance with the requirement of minimum public shareholding requirements as required in terms of the SEBI Listing Regulations, SCRA and SCRR.

15. The Floor Price for the Equity Shares under the Issue is ₹ 422.48 per Equity Share which has been calculated in accordance with Regulation 176 of the SEBI ICDR Regulations. Our Company has offered a discount of ₹ 12.48 per Equity Share on the Floor Price in accordance with the approval of the Shareholders accorded through a special resolution passed on August 26, 2021 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.

16. Our Company and the BRLM accept no responsibility for statements made otherwise than in this Placement Document and anyone placing reliance on any other source of information, including our website, would be doing it at his or her own risk.

17. Ritesh Chaudhary is the Company Secretary and Compliance Officer of our Company. His details are as follows:

Company Secretary

Ritesh Chaudhary
Sai Hira, Survey No. 93
Mundhwa, Pune - 411 036
Telephone: +91 20 6645 8094
E-mail Id: investorgrievance@dfpcl.com

PROPOSED ALLOTTEES IN THE ISSUE

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made by the Company, in consultation with the BRLM, to Eligible QIBs only, on a discretionary basis.

The names of the proposed Allottees and the percentage of post-Issue capital (assuming that the Equity Shares are Allotted to them pursuant to this Issue) that may be held by them in our Company is set forth below.

S. No.	Name of the proposed Allottee	Percentage of post-Issue paid-up Equity Share capital * (in %)
1.	GOVERNMENT PENSION FUND GLOBAL	1.54
2.	MORGAN STANLEY ASIA (SINGAPORE) PTE.	0.15
3.	INTEGRATED CORE STRATEGIES ASIA PTE LTD	0.11
4.	NOMURA SINGAPORE LIMITED	0.03
5.	SOCIETE GENERALE	0.15
6.	SOCIETE GENERALE - ODI	0.21
7.	AVENDUS ABSOLUTE RETURN FUND	0.50
8.	TARA EMERGING ASIA LIQUID FUND	0.04
9.	FIDELITY FUNDS - PACIFIC FUND	1.18
10.	NEF - PACIFIC EQUITY	0.13
11.	SMALLCAP WORLD FUND, INC	3.64
12.	BNP PARIBAS ARBITRAGE - ODI	1.33
13.	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS SMALL CAP FUND	1.33
	Total	**10.35**

**Based on beneficiary position as on October 15, 2021. The post-Issue shareholding pattern (in percentage terms) of the proposed Allottees has been disclosed on the basis of their respective PAN, except in case of Mutual Funds and FPIs (investing through different sub-accounts having common PAN across such sub-accounts) wherein their respective DP ID and Client ID has been considered.*
Note: Subject to allotment in the Issue.

FINANCIAL STATEMENTS

P G BHAGWAT LLP
Chartered Accountants
LLPIN: AAT-9949

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Dr. Pai Marg, Baner, Pune – 45
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Email: pgb@pgbhagwatca.com
Web: www.pgbhagwatca.com

Independent Auditor's Review Report
on the unaudited quarterly consolidated financial results of Deepak Fertilisers and Petrochemicals Corporation Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Board of Directors
Deepak Fertilisers and Petrochemicals Corporation Limited
Sai Hira, Survey No. 93,
Mundhwa, Pune – 411036,
Maharashtra, India

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of Deepak Fertilisers and Petrochemicals Corporation Limited ("DFPCL/the Holding Company"), and its Subsidiaries (Holding Company and its Subsidiaries together referred to as "the Group") and its Joint Operation for the quarter ended June 30, 2021 ("the Statement"), being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

2. This Statement, which is the responsibility of the Holding Company's Management and has been approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we

would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the following entities:

   A. Subsidiaries

      i. Smartchem Technologies Limited
      ii. Platinum Blasting Services Pty Limited
      iii. Australian Mining Explosives Pty Limited
      iv. Performance Chemiserve Limited
      v. Deepak Mining Services Private Limited
      vi. Complete Mining Solutions Private Limited (formerly known as Runge Pincock Minarco India Private Limited)
      vii. SCM Fertichem Limited
      viii. Deepak Nitrochem Pty Limited
      ix. Mahadhan Farm Technilogies Private Limited
      x. Ishanya Brand Services Limited (Was an Associate up to March 22, 2020)

   B. Joint Operation

      i. Yerrowda Investments Limited

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 7 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

M/s P.G. Bhagwat the partnership firm was converted and incorporated as Limited Liability Partnership on the 28th September 2020

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6. We draw attention to note 3 to the quarterly consolidated financial results which describes that a Search Operation was carried out by the Income Tax Department on the Holding Company and a Subsidiary in November 2018.

   a. In the current quarter the Holding Company has received orders and demands for three assessment years while the rest are still awaited. The Holding Company's Management does not expect any significant/material additional liability to devolve on the Holding Company and no provision has been recognised as of June 30, 2021. The uncertainty in the matter remains till the proceedings are concluded.

   b. The Subsidiary Company filed an application with the Income Tax Settlement Commission (ITSC) in the year 2020-2021 to avoid protracted and expensive litigation. Following the abolition of the ITSC by the Finance Act, 2021, the Subsidiary Company has withdrawn the said application on 30 July 2021. Accordingly, all pending proceedings shall be disposed of by the Income Tax Department in accordance with the provisions of the Income Tax Act, 1961.

Our conclusion is not modified in respect of this matter.

Other Matters Paragraphs

7. We did not review the financial results of two Subsidiaries included in the Statement, whose financial results reflect total revenues of Rs. 1,41,566 Lakhs, total net profit after tax of Rs 7,523 Lakhs and total comprehensive income of Rs 7,470 Lakhs, for the quarter ended June 30, 2021. These interim financial results have been reviewed by other auditors whose reports have been furnished to us by the management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these Subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

8. The Statement includes the financial results of eight subsidiaries which have not been reviewed by us, whose financial results reflect total revenues of Rs. 10,374 Lakhs, total net profit after tax of Rs. 751 Lakhs and total comprehensive income of Rs. 757 Lakhs for the quarter ended June 30, 2021. The financial results/financial information of these subsidiaries are management drawn. According to the information and explanations given to us by the Management and in our opinion, these interim financial results are not material to the Group.

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9. We did not review the financial results of one joint operation included in the standalone financial results. The Management of the Holding Company recorded its share based on Management drawn results of the joint operation. According to the information and explanations given to us by the Management and in our opinion, these interim financial results are not material to the Group.

10. The management has not consolidated its Associate, Ishanya Realty Corporation Limited in which the Holding Company holds investment of Rs. 5 Lakhs. According to the information and explanations given to us by the management and in our opinion, the share in the financial profit/(loss) of this Associate is not material to the Group.

11. The comparative quarterly consolidated financial results of the Group and Joint Operation for the corresponding quarter ended June 30, 2020, are based on the previously issued results which were reviewed by another auditor, on which they had expressed unmodified conclusion dated July 31, 2020.

Our conclusion on the Statement is not modified in respect of the matters set out in paragraphs 7, 8, 9, 10 and 11 above.

For **P G BHAGWAT LLP**
Chartered Accountants
Firm's Registration Number: 101118W/W100682

P G BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

Abhijeet Bhagwat
Partner
Membership Number: 136835
UDIN: 21136835AAAACS8327

Pune
August 10, 2021

DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION LIMITED CIN: L24121MH1979PLC021360

Registered & Corporate Office : Sai Hira, Survey No 93, Mundhwa, Pune-411 036,

Website: www.dfpcl.com, Investors relation contact: investorgrievance@dfpcl.com; Phone: +91-20-66458094.

PART I

(Amounts in Rs Lakhs unless otherwise stated)

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2021

Sr. No.	Particulars	Quarter Ended			Year Ended
		30 June 2021	31 March 2021	30 June 2020	31 March 2021
	(Refer Notes Below)	**(Unaudited)**	**(Audited)**	**(Unaudited)**	**(Audited)**
1	Income				
	(a) Revenue from operations	67,490	44,436	48,912	1,81,131
	(b) Other income	1,575	1,342	446	4,590
	Total income	69,065	45,778	49,358	1,85,721
2	Expenses				
	(a) Cost of materials consumed	24,867	17,490	15,011	67,056
	(b) Purchases of stock-in-trade	29,008	12,254	12,534	52,907
	(c) Changes in inventories of finished goods and stock-in-trade	(287)	(803)	274	(2,136)
	(d) Employee benefits expense	2,016	658	2,399	8,805
	(e) Finance costs	2,212	2,595	2,125	8,660
	(f) Depreciation and amortisation expense	1,747	1,752	1,879	7,298
	(g) Other expenses (net)	3,319	5,884	3,237	15,895
	Total expenses	62,882	39,830	37,459	1,58,485
3	Profit / (loss) before tax (1-2)	6,183	5,948	11,899	27,236
4	(a) Current tax	1,429	1,006	2,336	5,240
	(b) Deferred tax	124	(12)	655	1,097
	Total tax expense / (reversal)	1,553	994	2,991	6,337
5	Net profit / (loss) after tax (3-4)	4,630	4,954	8,908	20,899
6	Other comprehensive income				
	Items that will not be reclassified to profit or loss				
	Remeasurement of defined benefit obligations	(100)	50	(137)	(514)
	Income tax relating to this item	25	(13)	34	129
	Items that will be reclassified to profit or loss				
	Cash flow hedge	246	(206)	-	494
	Changes in fair value of investments carried at fair value through OCI	-	(69)	-	(69)
	Income tax relating to this item	(62)	69	-	(107)
	Total other comprehensive income, net of tax	109	(169)	(103)	(67)
7	Total comprehensive income (5+6)	4,739	4,785	8,805	20,832
8	Paid-up Equity Share Capital (Face Value of Rs.10/- each)	10,268	10,268	8,928	10,268
9	Earnings Per Share (EPS) (not annualised for quarter ended) (face value of Rs.10 each)				
	(a) Basic (In Rs.)	4.51	4.82	9.72	21.65
	(b) Diluted (In Rs.)	4.46	4.65	9.36	20.95

P G BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION LIMITED CIN: L24121MH1979PLC021360

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PART I — (Amounts in Rs Lakhs unless otherwise stated)

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2021

Sr. No.	Particulars	Quarter Ended			Year Ended
		30 June 2021	31 March 2021	30 June 2020	31 March 2021
	(Refer Notes Below)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
1	Income				
	(a) Revenue from operations	1,90,210	1,57,508	1,38,208	5,80,849
	(b) Other income	587	571	359	3,267
	Total income	1,90,797	1,58,079	1,38,567	5,84,116
2	Expenses				
	(a) Cost of materials consumed	1,20,711	76,633	60,412	2,89,212
	(b) Purchases of stock-in-trade	10,960	11,068	18,839	84,351
	(c) Changes in inventories of finished goods and stock-in-trade	(4,011)	11,954	8,786	6,826
	(d) Employee benefits expense	11,265	7,788	8,932	36,513
	(e) Finance costs	4,329	4,809	5,521	18,771
	(f) Depreciation and amortisation expense	6,250	5,171	5,335	21,195
	(g) Other expenses (net)	22,252	22,755	14,018	68,416
	Total expenses	1,71,756	1,40,178	1,21,843	5,25,284
3	Profit before share of profit/(loss) of associates and income tax (1-2)	19,041	17,901	16,724	58,832
4	Share of profit/(loss) of associates	-	-	-	-
5	Profit before tax (3+4)	19,041	17,901	16,724	58,832
6	(a) Current tax (refer note 3)	5,216	11,763	2,918	18,672
	(b) Deferred tax (refer note 3)	762	(5,442)	1,692	(484)
	Total tax expense	5,978	6,321	4,610	18,188
7	Net profit after tax (5-6)	13,063	11,580	12,114	40,644
8	Other comprehensive income (OCI)				
	Items that will not be reclassified to profit or loss				
	Remeasurement of defined employee benefit plans	(181)	29	(277)	(840)
	Income tax relating to this item	53	(6)	83	243
	Items that will be reclassified to profit or loss				
	Exchange difference on translation of financial statements of the foreign operations	6	(65)	398	882
	Changes in fair value of investments other than equity shares carried at fair value through OCI	-	(69)	-	(69)
	Cash flow hedge	246	(206)	-	494
	Income tax relating to the above item	(62)	69	-	(107)
	Total other comprehensive income, net of tax	62	(248)	204	603
9	Total comprehensive income (7+8)	13,125	11,332	12,318	41,247
10	Net profit attributable to				
	- Owners of the Company	12,802	11,329	12,014	40,031
	- Non controlling interest	261	251	100	613
11	Other comprehensive income, net of tax attributable to				
	- Owners of the Company	60	(226)	65	294
	- Non controlling interest	2	(22)	139	309
12	Total comprehensive income attributable to				
	- Owners of the Company	12,862	11,103	12,079	40,325
	- Non controlling interest	263	229	239	922
13	Paid-up Equity Share Capital (Face Value of Rs.10/- each)	10,268	10,268	8,928	10,268
14	Earnings per share (EPS) (not annualised for quarter ended) (face value of Rs 10 each)				
	(a) Basic (In Rs.)	12.47	11.03	13.10	41.47
	(b) Diluted (In Rs.)	11.64	10.25	12.55	39.20

P G BHAGWAT LLP
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DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION LIMITED CIN: L24121MH1979PLC021360

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UNAUDITED SEGMENT-WISE REVENUE, RESULTS, ASSETS AND LIABILITIES *(Amounts in Rs Lakhs unless otherwise stated)*

Sr. No.	Particulars	Consolidated			
		Quarter Ended			Year Ended
		30 June 2021 (Unaudited)	31 March 2021 (Audited)	30 June 2020 (Unaudited)	31 March 2021 (Audited)
1	Segment revenue				
	(a) Chemicals				
	Manufactured	82,838	79,690	63,390	2,65,708
	Traded	7,746	7,287	14,963	50,041
	Total	**90,584**	**86,977**	**78,353**	**3,15,749**
	(b) Fertilisers				
	Manufactured	84,884	58,943	47,945	2,17,054
	Traded	14,468	11,230	11,707	46,613
	Total	**99,352**	**70,173**	**59,652**	**2,63,667**
	(c) Realty	131	329	82	1,180
	(d) Windmill	143	29	121	253
	Total revenue from operations	**1,90,210**	**1,57,508**	**1,38,208**	**5,80,849**
2	Segment results [profit / (loss) before tax and finance costs from each segment]				
	(a) Chemicals	17,342	23,211	22,952	74,439
	(b) Fertilisers	13,238	3,696	4,342	19,751
	(c) Realty	(418)	(436)	(610)	(1,806)
	(d) Windmill	38	(83)	28	(176)
	Total	**30,200**	**26,388**	**26,712**	**92,208**
	Less: i) Finance costs	4,329	4,809	5,521	18,771
	ii) Other unallocable expenditure (net of unallocable income)	6,830	3,678	4,467	14,605
	Profit before tax	**19,041**	**17,901**	**16,724**	**58,832**
3	Segment assets				
	(a) Chemicals	4,11,691	3,93,930	3,44,587	3,93,930
	(b) Fertilisers	1,88,194	1,73,032	1,96,316	1,73,032
	(c) Realty	20,224	21,937	22,701	21,937
	(d) Windmill	1,594	1,423	1,688	1,423
	(e) Unallocated	1,36,419	1,24,000	1,22,105	1,24,000
	Total assets	**7,58,122**	**7,14,322**	**6,87,397**	**7,14,322**
4	Segment liabilities				
	(a) Chemicals	2,16,581	1,97,644	2,16,507	1,97,644
	(b) Fertilisers	1,29,807	1,19,642	1,32,168	1,19,642
	(c) Realty	958	887	2,576	887
	(d) Windmill	16	108	4	108
	(e) Unallocated	1,17,674	1,16,081	1,01,258	1,16,081
	Total liabilities	**4,65,036**	**4,34,362**	**4,52,513**	**4,34,362**

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INDEPENDENT AUDITORS' REPORT

To the Members of Deepak Fertilisers and Petrochemical Corporation Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of Deepak Fertilisers and Petrochemical Corporation Limited (hereinafter referred to as the "Holding Company"), its Subsidiaries (Holding Company and its Subsidiaries together referred to as "the Group") and its Joint Operation, which comprise the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements and on the other financial statements/financial information prepared by the management, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its Joint Operation as at March 31, 2021, of the consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its Joint Operation in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matters" paragraph, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to note 47 to the Consolidated Financial Statements which describes that a Search Operation was carried out by the Income Tax Department on the Holding Company and a Subsidiary in November 2018. Pursuant to notices received in the last quarter of the year 201 9-20, the Holding Company and its Subsidiary have filed revised tax returns for Assessment Years 2013-14 to 2018-19.

A. The Holding Company's Management does not expect any significant additional liability to devolve on the Holding Company and no provision has been recognised as of March 31, 2021. Though the Holding Company has not received any demand and notices till date, the uncertainty in the matter remains till the proceedings are concluded.

B. During the year, the Subsidiary Company has filed an application with the Income Tax Settlement Commission (ITSC) for the earlier years to conclude the final assessment for these years and offered additional income in its application filed with ITSC and paid tax and interest thereon. The amount of income tax and interest so paid has been provided for in its financial statements.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment and based on consideration of the reports of other auditors, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Our Principal Audit Procedures
a. Contingent Liabilities The Holding Company operates in various states within India, exposing it to a variety of different Central and State laws and regulations and interpretations thereof. In this complex regulatory environment, there is a high risk of litigations and claims. The Holding Company's tax positions have been challenged by the authorities on a range of matters. Moreover, resolution of tax and legal proceedings may span over multiple years and may involve protracted negotiations or litigation. The Holding Company applies significant judgment in estimating the likelihood of the outcome of each case and consequently its impact on the Consolidated Financial Statements. These estimates could change over time as new facts emerge and as each matter progresses. Refer note 42 and note 50 to the Consolidated Financial Statements. Accordingly, we identified Contingent Liabilities as a key audit matter.	i. Obtained an understanding of key internal financial controls in respect of assessment of litigations and claims relating to the relevant laws and regulations; ii. Obtained the Holding Compnay's assessment of the pending disputes including where applicable, external legal counsel opinions, developments during FY 2020-21 and post year-end status of litigations; iii. Inquired with the Holding Company's external legal counsels, where applicable and in case of material contingent liabilities, to understand the Holding Company's assessment of the litigations and claims; iv. Evaluated the Holding Company's assessments by understanding precedents set in similar cases and assessed the reliability of the Holding Company's past estimates/judgements; v. Performed test checks on the provision made/ contingent liabilities/ other significant litigations /disclosures made in the Consolidated Financial Statements; and vi. Assessed the adequacy of the disclosures relating to contingent liabilities in the Consolidated Financial Statements.

b. Revenue Recognition: as reported by component auditors of Smartchem Technologies Limited	**Principle Audit Procedures by component auditors of Smartchem Technologies Limited**
Revenue is measured at the fair value of the consideration received or receivable as reduced by dealer discounts and other similar allowances. Subsidy income is booked as revenue when the sale to dealer/retailer is recognised and is subject to the Company ensuring compliance with relevant regulatory requirements. Volume discounts are assessed based on anticipated sales. Further, timing of revenue recognition is dependent on the shipping terms agreed with customers in relation to passing of risk and rewards of ownership. The application of Indian accounting standard (Ind AS 115) involves significant judgements/material estimates relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations and the appropriateness of the basis used to measure revenue recognized over a period.	• Understood the policies and procedures applied to revenue recognition, as well as compliance therewith, including an analysis of the effectiveness of controls related to revenue recognition processes. • Analyzed and discussed with management significant contracts including contractual terms and conditions related to discounts, incentives and rebates. • Reviewed the relevant estimates made in connection with volume discounts and its accounting treatment in the books of account. • Performed procedures to ensure that subsidy is correctly and timely booked as revenue at the rates prescribed by the Department of Fertilizers and in the correct period. • Performed cut-off procedures to ensure that revenue is accounted in the correct period. • Selected a sample of contracts and performed the following procedures: a. Analysed and identified the distinct performance obligations in these contracts. b. Compared such performance obligations with that identified and recorded by the Company. c. Reviewed contracts terms to determine the transaction price including any variable consideration to determine the appropriate transaction price for computing revenue and to test the basis of estimation of the variable consideration. • Reviewed disclosures included in the notes to the accompanying financial statements.
c. Impairment of Assets: as reported by component auditor of Performance Chemiserve Limited	**Principle Audit Procedures by component auditors of Performance Chemiserve Limited**
PCL has significant Capital Work in Progress relating to the Ammonia Project. As the amount is significant, an assessment of the carrying value of assets of Ammonia Project was required.	• Evaluated the reasonableness of management's conclusions on key assumptions, including forecast cashflows focusing on revenues and earnings, assessing the appropriateness of discount rates, historical and budgetary financial information, current market conditions and growth rates. • Assessed the reliability of the management's forecast, whilst considering the risk of management bias. • Assessed the competence, capabilities, objectivity of the independent professionals who provided the valuation report. • Evaluated the appropriateness of impairment model prepared by the independent professional

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Management Discussion and Analysis; Board of Directors' Report along with its Annexures and Corporate Governance Report included in the Annual Report but does not include the Consolidated Financial Statements and our Auditors' Report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors are responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), the consolidated statement of changes in equity and consolidated cash flows of the Group and its Joint Operation in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The respective Board of Directors of the companies included in the Group and its Joint Operation are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its Joint Operation and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and its Joint Operation are responsible for assessing the ability of the Group and its Joint Operation to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Companies included in the Group and its Joint Operation or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and its Joint Operation are responsible for overseeing the financial reporting process of the Group and its Joint Operation.

P G BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group and its Joint Operation has adequate internal financial controls with reference to the Consolidated Financial Statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its Joint Operation to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its Joint Operation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its Joint Operation to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Financial Statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in section titled 'Other Matter' in this audit report.

We communicate with those charged with governance of the Holding Company and other companies included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance and based on audit reports of other auditors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

1. We did not audit the financial statements and financial information of nine subsidiaries included in the Consolidated Financial Statements, whose financial statements reflect total assets of Rs. 740,911 Lakhs and net assets of Rs. 360,326 Lakhs as at March 31, 2021, revenues from operation of Rs. 429,708 Lakhs, total comprehensive income (comprising of profit and other comprehensive income) of Rs. 22,582 Lakhs and net cash inflows of Rs. 7,622 Lakhs, for the year ended as on that date. These financial statements and financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

   Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments, if any, made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

2. The Consolidated Financial Statements include the financial statements and financial information of one subsidiary which have not been audited by us, whose financial statements reflect total assets of Rs. 27 Lakhs and net assets of Rs. 27 Lakhs as at March 31, 2021, total revenues of Rs Nil Lakhs, total comprehensive income (comprising of profit and other comprehensive income) of Rs. Nil Lakhs and net cash inflows of Rs. 5 Lakhs, for the year ended as on that date. The financial statements and financial information of this subsidiary are management drawn. According to the information and explanations given to us by the management and in our opinion, these financial statements are not material to the Group.

3. We did not audit the financial statements and financial information of one joint operation included in the Standalone Financial Statements. The management of the Holding Company recorded its share based on Management drawn financial statements of the joint operation. According to the information and explanations given to us by the management and in our opinion, these financial statements are not material to the Group.

4. The management has not consolidated its Associate, Ishanya Realty Corporation Limited in which the Holding Company holds 5 Lakhs. According to the information and explanations given to us by the management and in our opinion, the share in the financial profit/(loss) of this Associate is not material to the Group.

5. The Consolidated Financial Statements of the Group and its Joint Operation for the year ended March 31, 2020, were audited by other auditors who had expressed an unmodified opinion on those statements on June 30, 2020.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Holding Company's Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements and the other financial statements/ financial information prepared by the management, as noted in the Other Matters paragraph, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of companies incorporated in India included in the Group, none of the directors of the companies incorporated in India included in the Group, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f) For our opinion on the internal financial controls with reference to Consolidated Financial Statements of the Holding Company and its subsidiaries incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure I.

g) As required by section 197 (16) of the Act; in our opinion and according to the information and explanations given to us, and on the consideration of reports of the other auditors on separate financial statements; the remuneration paid during the current year to its Directors by the companies incorporated in India to whom section 197 applies, included in the Group is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and on the consideration of reports of the other auditors on separate financial statements:

(i) The Consolidated Financial Statements disclose the impact of pending litigations as at March 31, 2021 on the consolidated financial position of the Group and its Joint Operation - Refer Note 42 and 50 to the Consolidated Financial Statements.

(ii) The Group and its Joint Operation did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2021.

(iii) There are no delay in amounts, required to be transferred, to the Investor Education and Protection Fund by the companies incorporated in India in the Group and its Joint Operation during the year ended March 31, 2021 except the following:

Year	Type of dividend	Dividend unpaid in Lakhs	Status
1997-1998	Final	0.37	Not yet transferred to Investor Education and Protection Fund due to legal dispute with regards ownership of shares which remains unresolved

For **P G BHAGWAT LLP**
Chartered Accountants
Firm Registration Number: 101118W/W100682

Abhijeet Bhagwat
Partner
Membership Number: 136835
UDIN: 21136835AAAABO4481
Pune
May 28, 2021

P G BHAGWAT LLP * CHARTERED ACCOUNTANTS * PUNE

Annexure I to the Independent Auditors' Report

Referred to in paragraph 2 (f) under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date:

Report on the Internal Financial Controls with reference to Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to the Consolidated Financial Statements of Deepak Fertilisers and Petrochemical Corporation Limited (hereinafter referred to as the "Holding Company") and its subsidiaries incorporated in India for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Group internal financial controls with reference to the Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal financial controls over financial reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained, and audit evidence obtained by other auditors of subsidiaries incorporated in India, referred to in other matter paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company and subsidiary companies incorporated in India's internal financial controls with reference to Consolidated Financial Statements.

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

Inherent Limitations of Internal Financial Controls with reference to the Consolidated Financial Statements
Because of the inherent limitations of internal financial controls with reference to the Consolidated Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the Consolidated Financial Statements to future periods are subject to the risk that the internal financial control with reference to the Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion
In our opinion and based on the audit reports of other auditors, the Holding Company and subsidiaries incorporated in India have, in all material respects, adequate internal financial controls with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India.

Other Matters
Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to four subsidiary companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **P G BHAGWAT LLP**
Chartered Accountants
Firm Registration Number: 101118W/W100682

Abhijeet Bhagwat
Partner
Membership Number: 136835
UDIN: 21136835AAAABO4481
Pune
May 28, 2021

P G BHAGWAT LLP * PUNE * CHARTERED ACCOUNTANTS

M/s P.G. Bhagwat the partnership firm was converted and incorporated as Limited Liability Partnership on 28th September 2020

Ole

Deepak Fertilisers and Petrochemicals Corporation Limited
Consolidated Balance Sheet as at 31 March 2021
(All amounts in ₹ Lakhs unless otherwise stated)

Particulars	Notes	31 March 2021	31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	225,347	242,500
Capital work-in-progress	4	161,574	130,940
Investment property	5	3,607	3,607
Right of use of assets	5(a)	27,100	19,095
Goodwill on consolidation	5(b)	4,368	4,093
Other intangible assets	6	1,663	1,887
Intangible asset under development	4a	312	16
Investment in equity accounted investees	7	5	5
Financial assets			
i. Investments	8	3	72
ii. Loans	12	2,823	3,140
iii. Other financial assets	15	1,740	1,590
Deferred tax assets (net)	26	4,703	4,589
Income tax assets (net)		11,069	12,112
Other non-current assets	16	29,067	28,924
Total non-current assets		**473,381**	**452,570**
Current assets			
Inventories	17	63,722	68,369
Investment in equity shares (held-for-sale)	9	-	149
Financial assets			
i. Investments	10	44,920	1,011
ii. Trade receivables	11	90,612	127,580
iii. Cash and cash equivalents	13	16,959	15,757
iv. Other bank balances	14	7,672	10,169
v. Loans	12	1,018	144
vi. Other financial assets	15	1,861	2,501
Other current assets	18	14,177	14,873
Total current assets		**240,941**	**240,553**
Total assets		**714,322**	**693,123**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	19	10,268	8,928
Other equity	20	259,991	209,150
Equity attributable to owners of the Company		270,259	218,078
Non controlling interest		9,701	4,313
Total equity		**279,960**	**222,391**
Liabilities			
Non-current liabilities			
Financial Liabilities			
i. Borrowings	21	218,659	208,425
ii. Lease liabilities	5(a)	6,619	6,784
iii. Other financial liabilities	23	4,409	170
Provisions	24	6,708	5,687
Total non-current liabilities		**236,395**	**221,066**
Current liabilities			
Financial liabilities			
i. Borrowings	22	11,019	71,930
ii. Lease liabilities	5(a)	1,333	1,944
iii. Trade payables			
(a) total outstanding dues of micro and small enterprises	25	1,436	762
(b) total outstanding dues of creditors other than micro and small enterprises	25	128,240	128,687
iv. Other financial liabilities	23	43,048	33,722
Other current liabilities	27	4,936	4,476
Provisions	24	7,375	7,901
Current tax liabilities (net)		580	244
Total current liabilities		**197,967**	**249,666**
Total liabilities		**434,362**	**470,732**
Total equity and liabilities		**714,322**	**693,123**

Significant accounting policies 1 - 2
The accompanying notes form an integral part of the consolidated financial statements 3 - 53

As per our report of even date attached

For and on behalf of Board of Directors of Deepak Fertilisers and Petrochemicals Corporation Limited

For P G BHAGWAT LLP
Chartered Accountants
Firm Registration No.: 101118W/W100682

Abhijeet Bhagwat
Partner
Membership No.: 136835

Place: Pune
Date: May 28, 2021

P G BHAGWAT LLP * CHARTERED ACCOUNTANTS * PUNE

S. C. Mehta
Chairman and Managing Director
DIN:00128204

P.S. Bhattacharyya
Director
DIN : 00329479

Place: Pune
Date: May 28, 2021

Amitabh Bhargava
President & CFO

Ritesh Choudhary
Vice-President and Head-Legal and
Membership No: A19966

DEEPAK FERTILISERS AND PETROCHEMICALS CORPN. LTD.

Deepak Fertilisers and Petrochemicals Corporation Limited
Consolidated Statement of Profit and Loss for the year ended 31 March 2021
(All amounts in ₹ Lakhs unless otherwise stated)

	Notes	Year ended 31 March 2021	Year ended 31 March 2020
Income			
Revenue from operations	28	580,849	468,538
Other income	29	3,267	9,545
Total income		**584,116**	**478,083**
Expenses			
Cost of materials consumed	30	289,212	261,470
Purchases of stock-in- trade	31	84,351	55,471
Changes in inventories of finished goods and stock-in-trade	32	6,826	14,017
Employee benefits expense	33	36,513	30,617
Finance costs	34	18,771	24,293
Depreciation and amortisation expense	35	21,195	21,353
Other expenses	36	68,416	60,537
Total expenses		**525,284**	**467,758**
Profit before share of (loss) of equity accounted investees and income tax		**58,832**	**10,325**
Share of (loss) of equity accounted investees		-	(17)
Profit before tax		**58,832**	**10,308**
Tax expense			
Current tax		18,672	381
Deferred tax (credit)/charge		(484)	1,026
Total tax expense		**18,188**	**1,407**
Profit for the year		**40,644**	**8,901**
Other comprehensive income ('OCI')			
(A) Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit obligations		(840)	(1,121)
Income tax relating to this item		243	334
Total (A)		**(597)**	**(787)**
(B) Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		882	(191)
Changes in fair value of investments carried at fair value through OCI		(69)	-
Cash Flow hedge		494	-
Income tax relating to this item		(107)	-
Total (B)		**1,200**	**(191)**
Other comprehensive income for the year (A+B), net of tax liability		**603**	**(978)**
Total comprehensive income for the year		**41,247**	**7,923**
Profit for the year attributable to:			
-Owners of the Company		40,031	8,726
-Non controlling interests		613	175
Other comprehensive income (net of tax) attributable to:			
-Owners of the Company		294	(911)
-Non controlling interests		309	(67)
Total comprehensive income for the year attributable to:			
-Owners of the Company		40,325	7,815
-Non controlling interests		922	108
Earnings per equity share of ₹10 each	37(c)		
i) Basic (in ₹)		41.47	9.58
ii) Diluted (in ₹)		39.20	9.58
Significant accounting policies	1 - 2		
The accompanying notes form an integral part of the consolidated financial statements	3 - 53		

As per our report of even date attached

For P G BHAGWAT LLP
Chartered Accountants
Firm Registration No.: 101118W/W100682

Abhijeet Bhagwat
Partner
Membership No.: 136835

Place: Pune
Date: May 28, 2021

P G BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

For and on behalf of Board of Directors of Deepak Fertilisers and Petrochemicals Corporation Limited

S. C. Mehta
Chairman and Managing Director
DIN:00128204

Amitabh Bhargava
President & CFO

P.S. Bhattacharyya
Director
DIN : 00329479

Ritesh Choudhary
Vice-President and Head-Legal and Secretarial
Membership No: A19966

Place: Pune
Date: May 28, 2021

Deepak Fertilisers and Petrochemicals Corporation Limited
Consolidated Statement of Cash Flows for the year ended 31 March 2021
(All amounts in ₹ Lakhs unless otherwise stated)

	Year ended 31 March 2021	Year ended 31 March 2020
Cash flow from operating activities		
Profit before tax as per statement of profit and loss	58,832	10,308
Adjustments for		
Depreciation and amortisation expense	21,195	21,353
(Profit)/Loss on sale of property, plant and equipment (net)	562	(3,516)
Provision for doubtful trade receivables	2,474	801
Provision for doubtful advances, loans and other receiveable	52	-
Bad debts	50	-
Gain on sale of investments	(1,220)	(2,907)
Changes in fair value of financial assets at fair value through profit or loss	48	89
Provision for stores and spares	(28)	303
Provision for capital work in progress	1,015	575
Unrealised (gain)/loss on embedded derivative contracts	(788)	908
Share of loss of associates	-	17
Interest income	(923)	(1,048)
Finance costs	18,771	24,293
Unrealized foreign exchange fluctuations (gain)/loss (net)	(919)	1,504
Cash generated from operations before working capital changes	**99,122**	**52,680**
Change in trade receivables	34,810	10,988
Change in inventories	4,675	14,118
Change in trade payables	844	(21,978)
Change in other financial liabilities	2,441	1,310
Change in other financial assets	1,576	(1,579)
Change in other non-current assets	(1,627)	(12,918)
Change in other current assets	696	18,313
Change in other security deposits	(609)	
Change in provisions	(345)	424
Change in other current liabilities	460	(1,820)
Cash generated from operations	**142,043**	**59,538**
Income taxes paid (net)	(17,293)	(1,711)
Net cash generated from operating activities	**124,750**	**57,827**
Cash flows from investing activities		
Payment for acquisition of subsidiary, net of cash acquired	-	(1,383)
Purchase of property, plant and equipment, intangible assets (including Capital work-in- progress)	(23,654)	(44,897)
Proceeds from sale of property, plant and equipment	270	9,812
Proceeds from sale of investments in mutual fund	227,002	(226,753)
Purchase of investments in mutual fund	(270,534)	250,826
Loans to employees and other loans given	-	30
Proceeds from issue of shares to non controlling interest	-	24
Proceeds from sale of investment in associate	944	2,820
Fixed deposit placed	(36,356)	(30,622)
Fixed deposit matured	38,757	23,169
Interest received	1,179	1,409
Net cash (used in) investing activities	**(62,392)**	**(15,565)**
Cash flows from financing activities		
Proceeds from borrowings - non current	12,700	23,528
Repayment of borrowings - non current	(13,604)	(8,239)
Proceeds from issue of foreign currency convertible bonds (FCCB)	11,150	10,549
Proceeds from issue of compulsory convertible debentures	10,500	10,500
Proceeds from borrowings - current	48,923	314,676
Repayment of borrowings - current	(110,054)	(360,337)
Payment of lease	(2,144)	(1,900)
Proceeds of call on Share capital	-	2,500
Proceeds from Right issue of Equity shares	17,623	-
Interest paid	(33,758)	(23,391)
Dividends paid (including dividend distribution tax)	(2,643)	(3,157)
Dividends paid to non-controlling interests	-	(108)
Net cash (used in) from financing activities	**(61,307)**	**(35,379)**
Net (decrease) in cash and cash equivalents	1,051	6,883
Cash and cash equivalents at the beginning of the year	15,757	8,874
Cash and cash equivalents at end of the year	**16,808**	**15,757**

The accompanying notes form an integral part of the consolidated financial statements.

Reconcilliation of cash and cash equivalents as per the Cash flow statement

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Cash and cash equivalents at the end of year	16,959	15,757
Bank overdraft	(151)	-
	16,808	**15,757**

The above statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, "Statement of Cash Flows"

As per our report of even date attached

For P G BHAGWAT LLP
Chartered Accountants
Firm Registration No.: 101118W/W100682

Abhijeet Bhagwat
Partner

Membership No.: 136835

Place: Pune
Date: May 28, 2021

For and on behalf of Board of Directors Deepak Fertilisers and Petrochemicals Corporation Limited

S. C. Mehta
Chairman and Managing Director
DIN:00128204

Amitabh Bhargava
President & CFO

P.S. Bhattacharyya
Director

DIN : 00329479

Place: Pune
Date: May 28, 2021

Ritesh Choudhary
Vice-President and Head-Legal and Secretarial
Membership No: A19966

Deepak Fertilisers and Petrochemicals Corporation Limited

Consolidated Statement of Changes in Equity for the year ended 31 March 2021

(All amounts in ₹ Lakhs unless otherwise stated)

A. Equity Share Capital

	31 March 2021	31 March 2020
Balance at the beginning and at the end of the year	8,928	8,820
Shares issued during the year	-	108
Right issues of shares during the year	1,340	-
Balance as at the end of the year	**10,268**	**8,928**

B. Other Equity

	Reserves and surplus							Items of Other Comprehensive Income				
	Securities premium	Capital redemption reserve	Share Warrants	Capital Reserve	Equity portion of non-current borrowings (FCCB)	General reserve	Retained earnings	Fair value through OCI	Other Items of Comprehensive Income	Total attributable to Owners of the Company	Non Controlling Interest	Total
Balance as at 1 April 2019	**10,536**	**1,950**	**5,000**	**-**	**-**	**17,922**	**166,593**	**(45)**	**(991)**	**200,965**	**4,377**	**205,342**
Profit for the year	-	-	-	-	-	-	8,726	-	-	8,726	175	8,901
Fair value changes on cash flow hedge, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	(911)	(911)	(67)	(978)
Exchange difference on account of issue of share	-	-	-	-	-	-	-	-	-	-		
Total comprehensive income for the year	**-**	**-**		**-**		**-**	**8,726**	**-**	**(911)**	**7,815**	**108**	**7,923**
Issue of Share warrants	-	-	-	-	-	-	-	-	-	-	24	24
Adjustment from adoption of IND AS 116	-	-	-	-	-	-	(134)			(134)	(72)	(206)
Conversion of Share warrants to equity shares	3,225	-	(833)	-						2,392		2,392
Movement of NCI on account additional share purchase of Complete Mining Solution Private Limited	-	-	-	-	-	-	16	-	-	16	(16)	-
Equity portion of Foreign Currency Convertible Bonds	-	-	-	-	1,286	-	-	-	-	1,286	-	1,286
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(108)	(108)
Dividend paid including tax on dividend	-	-	-	-	-	-	(3,190)	-	-	(3,190)	-	(3,190)
Balance as at 1 April 2020	**13,761**	**1,950**	**4,167**	**-**	**1,286**	**17,922**	**172,011**	**(45)**	**(1,902)**	**209,150**	**4,313**	**213,463**
Profit for the year	-	-	-	-	-	-	40,031	-	-	40,031	613	40,644
Fair value changes on cash flow hedge, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	891	(597)	294	309	603
Total comprehensive income for the year	**-**	**-**	**-**		**-**	**-**	**40,031**	**891**	**(597)**	**40,325**	**922**	**41,247**
Premium on allotment of shares under Right issue	16,473	-	-		-	-	-	-	-	16,473	-	16,473
Share issue expenses	(190)	-	-		-	-	-	-	-	(190)	-	(190)
Increase in non-controlling interest due to issuance of share capital	-	-	-		-	-	(4,592)	-	-	(4,592)	4,592	-
Equity portion of Foreign Currency Convertible Bonds	-	-	-		1,504	-	-	-	-	1,504	-	1,504
Share warrant forfeiture transferred to Capital reserve	-	-	(4,167)	4,167	-	-	-	-	-	-	-	-
Dividend payable to non-controlling interest	-	-	-		-	-	-	-	-	-	(126)	(126)
Dividend	-	-	-		-	-	(2,679)	-	-	(2,679)	-	(2,679)
Balance as at 31 March 2021	**30,044**	**1,950**	**-**	**4,167**	**2,790**	**17,922**	**204,771**	**846**	**(2,499)**	**259,991**	**9,701**	**269,692**

Note: Refer note 20 for nature and purpose of other equity.

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

For and on behalf of Board of Directors Deepak Fertilisers and Petrochemicals Corporation Limited.

For P G BHAGWAT LLP
Chartered Accountants
Firm Registration No.: 101118W/W100682

Abhijeet Bhagwat
Partner
Membership No.: 136835

Place: Pune
Date: May 28, 2021

S.C.Mehta
Chairman and Managing Director
DIN:00128204

P.S. Bhattacharyya
Director
DIN : 00329479

Place: Pune
Date: May 28, 2021

Amitabh Bhargava
President & CFO

Ritesh Choudhary
Vice-President and Head-Legal and
Membership No: A19966

Deepak Fertilisers and Petrochemicals Corporation Limited
Notes to the consolidated financial statements for the year ended 31 March 2021

1. Corporate Information

Deepak Fertlisers and Petrochemicals Corporation Limited ("the Holding Company or the Parent Company") is a public limited company domiciled in India, with its registered office at Pune, Maharashtra, India. The Holding Company has been registered under the provisions of the Indian Companies Act and its equity shares are listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange ("BSE") in India.

The Holding Company and its subsidiaries (together referred to as "the Group") is engaged in the business of fertlisers, agri services, bulk chemicals, mining chemicals and value-added real estate.

These consolidated financial statements of the Group as at and for the year ended on 31 March 2021 were approved for issue in accordance with the resolution of the Board of Directors on May 28, 2021.

2. Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 notified, as amended thereafter and other relevant provisions of the Act.

The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments;
- Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments); and
- Employee defined benefits plans – plan assets are measured at fair value

The consolidated financial statements are presented in Indian Rupees ("INR"), which is also the Group functional currency and all values are rounded off to the nearest Lakhs, except when otherwise indicated. Wherever, an amount is presented as INR '0' (zero) it construes value less than ₹ 50,000.

2.2A Significant accounting estimates, assumptions and judgements

The preparation of the consolidated financial statements requires management to make 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 effected in future periods.

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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 amount of assets and liabilities within the next financial year, are described below. The Group has based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Taxes

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provisions in the period in which the tax determination is made. The assessment of probability involves estimation of a number of factors including future taxable income.

Useful lives of Property, plant and equipment ('PPE')

The Management reviews the estimated useful lives and residual value of PPE at the end of each reporting period. Factors such as changes in the expected level of usage, number of shifts of production, technological developments and product life-cycle, could significantly impact the economic useful lives and the residual values of PPE, consequently leading to a change in the future depreciation charge.

Defined benefit plans

Employee benefit obligations are determined using independent actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual results in the future. These include the determination of the discount rate, future salary increases, experience of employee departures and mortality rates. Due to the complexities involved in the valuation and its long-term nature, employee benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Provisions for Litigations and claims

From time to time, the Group is subject to legal proceedings, the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the charge/ expense can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcomes and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions are made for the changes in facts and circumstances. Contingent liabilities are disclosed in the notes forming part of the consolidated financial statements. Contingent assets are not disclosed in the consolidated financial statements unless an inflow of economic benefits is probable.

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 Discounted Cash flow ("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing their fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair values of financial instruments.

Impairment of financial assets

The Group assesses impairment based on the expected credit loss ("ECL") model on trade receivables. The Group uses a provision matrix to determine impairment loss allowance on the portfolio of trade

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receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables.

Impairment of non-financial assets (including PPE, CWIP and intangible assets)
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates that the assets' recoverable amount. An assets' recoverable amount is the higher of an asset's 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 cashflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and it is written down to its recoverable amount. In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken in account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded entities or other available fair value indicators.

2.2B Principles of consolidation and equity accounting
(i) Subsidiaries
Subsidiaries are all entities (including structured entities) over which the Group has control. The group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group. The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated balance sheet respectively.

(ii) Associates
Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

(iii) Joint Arrangements
Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.
Joint Ventures

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

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Equity method of accounting (equity accounted investees)

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group. The carrying amount of equity accounted investments are tested for impairment.

Changes in ownership interests:

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.2B Principles of consolidation and equity accounting (continued)

The details of consolidated entities are as follows:

Name of the Companies	Country of incorporation	Percentage of ownership interest

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Notes to the consolidated financial statements for the year ended 31 March 2021

1	Smartchem Technologies Limited (STL)	India	100.00%
2	Deepak Nitrochem Pty Limited	Australia	100.00%
3	Deepak Mining Services Private Limited (DMSPL)	India	100.00%
4	Complete Mining Solution Private Limited (formerly known as Runge PincockMinarco India Private Limited) (Subsidiary of DMSPL)	India	100.00%
5	SCM Fertichem Limited	India	100.00%
6	Platinum Blasting Services Pty Limited (PBS)[Subsidiary of STL]	Australia	65.00%
7	Australian Mining Explosives Pty Limited (AME)[Subsidiary of PBS]	Australia	65.00%
8	Performance Chemiserve Limited (formerly known as Performance Chemiserve Private Limited) [Subsidiary of STL]	India	88.91%
9	Ishanya Brand Services Limited	India	100.00%
10	Mahadhan Farm Technologies Private Limited (Subsidiary of STL)	India	100.00%

Goodwill on consolidation is measured as the excess of the sum of the consideration transferred, the amount of NCI in the acquiree, and the fair value of the acquiror's previously held equity instruments in the acquiree (if any) over the net of acquisition date fair value of identifiable net assets acquired and liabilities assumed. Profit or loss and each component of Other comprehensive income (OCI) are attributed to the equity holders of the Holding Company and to the NCI, even if this results in the NCI having a deficit balance.

The results of subsidiaries acquired or disposed off during the year are included in the consolidated financial statements from the effective date of acquisition and upto the effective date of disposal, as appropriate.

Non-controlling interests (NCI) in the net assets of the subsidiaries that are consolidated consist of the amount of equity attributable to non-controlling shareholders at the date of acquisition.

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Deepak Fertilisers and Petrochemicals Corporation Limited
Notes to the consolidated financial statements for the year ended 31 March 2021

2.3 Summary of significant accounting policies

(a) Current versus non-current classification

The Group presents assets and liabilities in the Balance Sheet based on current/ non-current classification.
An asset is treated as current when:
• It is expected to be realised or intended to be sold or consumed in the normal operating cycle;
• It is held primarily for the purpose of trading;
• It is expected to be realised within twelve months after the reporting period; or
• It is a cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.
A liability is current when:
• It is expected to be settled in normal operating cycle;
• It is held primarily for the purpose of trading;
• It is due to be settled within twelve months after the reporting period; or
• There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle for the purpose of current and non-current classification of assets and liabilities.

(b) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer i.e. when the customer is able to direct the use of the transferred goods or rendering of services and obtains substantially all of the remaining benefits at an amount that reflects the consideration entitled in exchange for those goods or services. The policy of recognizing the revenue is determined by the five-stage model specified in Ind AS 115 "Revenue from contracts with customers".

Sale of Goods:
Revenue is recognised upon transfer of control of promised goods to customers for an amount that reflects the consideration which the Group expects to receive in exchange for those goods. Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch/ delivery of goods, based on contracts with the customers. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government. Accruals for discounts/incentives and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers. Due to the short nature of credit period given to customers, there is no financing component in the contract.

Sale of Services:
Sale of services are recognised on satisfaction of performance obligation towards rendering of such services.

Interest Income:

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Interest Income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend Income:
Dividend income from investments in shares is recognised when the owner's right to receive the payment is established.

(c) Property, plant and equipment

An item of property, plant and equipment ('PPE') is recognised as an asset if it is probable that the future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. These recognition principles are applied to the costs incurred initially to acquire an item of PPE, to the pre-operative and trial run costs incurred (net of sales), if any and also to the costs incurred subsequently to add to, replace part of, or service it and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of PPE includes interest on borrowings directly attributable to the acquisition, construction or production of a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to be made ready for its intended use or sale. Borrowing costs and other directly attributable cost are added to the cost of those assets until such time as the assets are substantially ready for their intended use, which generally coincides with the commissioning date of those assets.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision is met. Machinery spares that meet the definition of PPE are capitalised and depreciated over the useful life of the principal item of an asset. All other repair and maintenance costs, including regular servicing, are recognised in the consolidated Statement of Profit and Loss as incurred. When a replacement occurs, the carrying value of the replaced part is de-recognised. Where an item of property, plant and equipment comprises major components having different useful lives, these components are accounted for as separate items.

An item of property, plant and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised within other income/expenses in the statement of profit and loss.

PPE acquired and put to use for projects are capitalised and depreciation thereon is included in the project cost till the project is ready for commissioning. Depreciation on PPE (except leasehold improvements) is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. However, leasehold improvements are depreciated on a straight-line method over the shorter of their respective useful lives or the tenure of the lease arrangement. Freehold land is not depreciated. Schedule II to the Act prescribes the useful lives for various class of assets. For certain class of assets, based on technical evaluation and assessment, Management believes that the useful lives adopted by it reflect the periods over which these assets are expected to be used. Accordingly, for those assets, the useful lives estimated by the management are different from those prescribed in the Schedule. Management's estimates of the useful lives for various class of PPE are as given below:

Name of assets	Estimated useful life (in years)
Computers – Servers and Networks	3 – 6
End User Devices such as desktops and laptops	3 – 6
Vehicles	4 – 7
Buildings (other than factory buildings) with RCC frame structure	61

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Plant and equipment including office and laboratory equipments	Various estimated lives upto 25 years. WNA III plant is depreciated at 25.88% on the WDV method
Windmill	19
Plant & machinery used for generation of power through gas	40

Capital work in progress (CWIP)

Projects under commissioning and other CWIP are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing cost. Subsequent expenditures relating to property, plant and equipment are capitalised only when it is probable that future economic benefit associated with these will flow to the Group and the cost of the item can be measured reliably. Advances given to acquire property, plant and equipment are recorded as non-current assets and subsequently transferred to CWIP on acquisition of related assets.

(d) Intangible assets

Intangible assets are initially recognized at cost. Following initial recognition, intangible assets with finite useful life are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the consolidated Statement of Profit and Loss in the period in which the expenditure is incurred.

The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Gains or losses arising from de-recognition 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 consolidated Statement of Profit and Loss when the asset is derecognized.

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the operating segments.

Name of intangible assets	**Estimated useful life (in years)**
Computer software	3 to 8
License fees	3 to 8
Technical knowhow/ engineering fees	3 to 8

(e) Bearer plant

Bearer plants are living plants used in the production or supply of agricultural produce; are expected to bear produce for more than one period; and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. Bearer plants mainly include mature and immature pomegranate plantations. Immature plantations are stated at acquisition cost which includes costs

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FERTILISERS AND PETROCHEMICALS CORPN. LTD.★DEEPAK incurred for field preparation, planting, fertilising and maintenance, and an allocation of other indirect costs based on planted hectares.

Mature plantations are stated at acquisition cost less accumulated depreciation and impairment. Mature plantations are depreciated on a straight-line basis and over its estimated useful life of 6 years, upon commencement of commercial production.
The carrying values of bearer plants are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits. A bearer plant is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the bearer plant is included in the income statement in the year the bearer plant is derecognized.

(f) Borrowing costs

Borrowing costs that are 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, are capitalised as a part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Investment income earned on the temporary investment of specific borrowings is deducted from the borrowing costs eligible for capitalisation.

(g) Investment property

Investment properties are land and buildings that are held for long term lease rental yields and/ or for capital appreciation. Investment properties are initially recognised at cost including transaction costs. Subsequently investment properties comprising buildings are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Depreciation on buildings is provided over the estimated useful lives as specified in note (c) above. The residual values estimated useful lives and depreciation method of investment properties are reviewed, and adjusted on prospective basis as appropriate, at each reporting date. The effects of any revision are included in the consolidated Statement of Profit and Loss when the changes arise.

An investment property is de-recognised when either the investment property has been disposed of or do not meet the criteria of investment property i.e. when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated Statement of Profit and Loss in the period of de-recognition.
(h) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less cost to sell. Non-current assets classified as held for sale are not depreciated or amortised from the date when they are classified as held for sale. Non-current assets classified as held for sale are presented separately from the other assets and liabilities in the consolidated balance sheet.

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(i) Foreign currency transactions and balances

The functional currency of the Group (i.e. the currency of the primary economic environment in which the Group operates) is the Indian Rupee (Rs.). On initial recognition, all foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Monetary assets and liabilities, denominated in a foreign currency, are translated at the exchange rate prevailing on the Balance Sheet date and the resultant exchange gains or losses are recognised in the consolidated Statement of Profit and Loss. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Foreign operations
Assets and liabilities of entities with functional currencies other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the Balance Sheet date. The Statement of Profit and Loss has been translated using the average exchange rates. The net impact of such translation are recognised in OCI and held in foreign currency translation reserve ('FCTR'), a component of Equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control, over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement that includes a foreign operation of which the retained interest becomes a financial asset), the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to the consolidated Statement of Profit and Loss as part of the gain or loss on disposal.

In case of a partial disposal of interests in a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to NCI and are not recognised in the consolidated Statement of Profit and Loss. For all other partial disposal (i.e. partial disposals of joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to the consolidated Statement of Profit and Loss.

(j) 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 recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established

(j) Financial instruments (continued)

by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

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Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the consolidated Statement of Profit and Loss. The losses arising from impairment are recognised in the consolidated Statement of Profit and Loss. This category generally applies to trade and other receivables.

Debt instrument at FVOCI

A 'debt instrument' is classified as at the FVOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
b) The asset's contractual cash flows represent SPPI. Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified to the consolidated Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVPL

FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVPL. In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVPL category are measured at fair value with all changes recognised in the consolidated Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which

(j) Financial instruments (continued)

Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the consolidated Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the consolidated Statement of Profit and Loss.

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Impairment of financial assets
The Group recognizes loss allowance using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all financial assets with contractual cash flows other than trade receivable, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECLs (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the consolidated Statement of Profit and Loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group balance sheet) when:

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

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

Financial liabilities
Financial liabilities are classified and measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains

(j) Financial instruments (continued)

and losses are recognised in consolidated Statement of Profit and Loss. Any gain or loss on derecognition is also recognized in consolidated Statement of Profit and Loss.

Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated Statement of Profit and Loss.

Derivative financial instruments
The Group uses various types of derivative financial instruments to hedge its currency and interest risk etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the consolidated Balance Sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Financial guarantee contracts
Financial guarantee contracts are recognised as a financial liability at the time of issuance of guarantee. The liability is initially measured at fair value and is subsequently measured at the higher of the amount of loss allowance determined, or the amount initially recognised less, the cumulative amount of income recognised.

Fair value of financial instruments
In determining the fair value of its financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value.

(k) Leases

The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a define period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an

(k) Leases (continued)

identified assets, the Group assesses whether: (i) the contact involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

As a lessee, the Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group incremental borrowing rate. For leases with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. Lease payments included in the measurement of the lease liability comprise the fixed payments, including in-substance fixed payments and lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. The Group has elected not to recognise right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Group has applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

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 fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(l) Inventories

Cost of raw materials, traded goods, packing materials and stores and spares comprises cost of purchases and cost of finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts.

- Raw materials, packing materials and stores and spares are valued at the lower of cost and net realisable value. Cost is determined on the basis of moving weighted average method. The aforesaid items are valued below cost if the finished products in which they are to be incorporated are expected to be sold at a loss.
- Finished goods and by-products including those held for captive consumption are valued at the lower of cost and net realisable value. Cost is determined on actual cost basis. Cost of finished goods includes

(l) Inventories (continued)

taxes and duties, as applicable. Variances, exclusive of abnormally low volume and operating performance, are adjusted to inventory. Stock-in-trade is valued at lower of cost and net realisable value.

- Net realizable 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.

(m) Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the assets' recoverable amount. An assets' recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset

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unless the asset does not generate cashflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and it is written down to its recoverable amount.

In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken in account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded entities or other available fair value indicators. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment loss no longer exist or has decreased. If such indication exists, the Group estimates the assets' or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the assets' 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 recognised for the asset in prior years.

Such reversal is recognised in the consolidated Statement of Profit and Loss.

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive), as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurancecontract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated Statement of Profit and Loss. net of any reimbursements.

If the effect of 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. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

(o) Employee benefits

Employee benefits consist of provident fund, superannuation fund, gratuity fund, compensated absences, long service awards, post-retirement medical benefits, directors' retirement obligations and family benefit scheme.

Post-employment benefit plans

Defined contribution plans

Payments to a defined contribution retirement benefit scheme for eligible employees in the form of provident fund and superannuation fund are charged as an expense as they fall due. Such benefits are classified as Defined Contribution Schemes as the Group does not carry any further obligations, apart from the contributions made.

Defined benefit plans

For defined benefit schemes in the form of gratuity fund, the cost of providing benefits is actuarially determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date. The retirement benefit obligation recognised in the consolidated balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets. The present value of the said obligation is determined by discounting the estimated future cash

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outflows, using market yields of government bonds of equivalent term and currency to the liability. The interest income / (expense) are calculated by applying the discount rate to the net defined benefit liability or asset.

The net interest income / (expense) on the net defined benefit liability is recognised in the consolidated Statement of Profit and Loss. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling (if any), are recognised immediately in the consolidated Balance Sheet with a corresponding charge or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the consolidated Statement of Profit and Loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the consolidated Statement of Profit and Loss as past service cost.

Short-term employee benefits
The short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave and performance incentives which are expected to occur within twelve months after the end of the period in which the employee renders the related services.

The cost of compensated absences is accounted as under:
(a) In case of accumulating compensated absences, when employees render service that increase their entitlement of future compensated absences; and
(b) In case of non - accumulating compensated absence, when the absences occur.

Other long-term employee benefits
Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability. The cost of providing benefits is actuarially determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date. Long Service Awards are recognised as a liability at the present value of the obligation at the Balance Sheet date. All gains/losses due to actuarial valuations are immediately recognised in the consolidated Statement of Profit and Loss.

(p) Derivative financial instruments

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship which is designated.

Cash flow hedges that qualify for hedge accounting: The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in 'other comprehensive income' in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated Statement of Profit and Loss. Amounts accumulated in equity are reclassified to the consolidated Statement of Profit and Loss in the periods in which the hedged item affects the profit or loss.

If the hedging relationship no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the

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cumulative gain or loss on the hedging instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the underlying transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the underlying transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified in the Statement of Profit and Loss.

Derivatives that are not designated as hedges: The Group enters into certain derivative contracts to hedge foreign exchange risks which are not designated as hedges. Such derivative contracts are accounted for at each reporting date at fair value through the consolidated Statement of Profit and Loss.

(q) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

(r) Cash dividend

The Group recognizes a liability to make cash distributions to equity shareholders when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders of the Group.

(s) Income taxes

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities in accordance with the Income Tax Act, 1961. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized outside profit and loss is recognized outside profit and loss (either in other comprehensive income 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 income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or in respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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Deferred tax assets on deductible temporary differences, the carry forward of unused tax credits and any unused tax losses are recognized to the extent that there is reasonably certainty that taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits and 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.

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

(t) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. For the purposes of calculating diluted earnings per share, the net profit for the period attributable to equity

(t) Earnings per share (continued)

shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(u) Segment reporting

Based on the "Management approach" as defined in Ind AS 108: Operating Segments, the Chief Operating Decision Maker evaluates the Group performance and allocates resources based on an analysis of various performance indicators by business segments. Inter-segment sales and transfers are reflected at market prices.

Segment policies
The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements as a whole. Common allocable costs are allocated to each segment on an appropriate basis. Revenues, expenses, assets and liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as "unallocated revenues/expenses/ assets/ liabilities", as the case may be.

(v) Business combinations

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the consolidated statement of profit and loss, as incurred. The acquiree's

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indentifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date except deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements, which are recognised and measured in accordance with Ind AS 12 Income taxes and Ind AS 19 Employee benefits.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of NCI in the acquiree and the fair value of acquirer's previously held equity instrument in the acquire (if any) over the net of acquisition date fair value of identifiable net assets acquired and liabilities assumed. Where the fair values of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve.

The interest of non-controlling shareholders is initially measured either at fair value or at the NCI's proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition by acquisition basis.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting in a contingent consideration arrangement, such contingent consideration, on the acquisition date is measured at fair value and included as a part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments, are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve as the case may be. Measurement period adjustments are adjustments that arise from additional information during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

(v) Business combinations (continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as the measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at fair value at subsequent reporting dates with the corresponding gain or loss being recognised in consolidated statement of profit and loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in consolidated Statement of Profit and Loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to consolidated Statement of Profit and Loss where such treatment would be appropriate if that interest were disposed off.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amount for the items for which the accounting is incomplete. Those provisional amount are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amount recognised at that date.

Changes in the proportion of the equity held by NCI are accounted for as equity transactions. The carrying amount of the controlling interests and NCI are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the NCI are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

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The Group accounts for the common control transactions in accordance with the 'pooling of interests' method prescribed under Ind AS 103 – Business Combinations for common control transactions where all the assets and liabilities of transferor companies would be recorded at the book value as at the Appointed date.

(w) Contingent Liability and Contingent Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of economic resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

A contingent asset is not recognized unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the consolidated financial statements.

Contingent liabilities and contingent assets are reviewed at each balance sheet date.

(x) Changes in significant accounting policies

There have been no changes in accounting policies during the Financial year 2019-20, except for implementation of Ind AS 116 as described in point 2.3 (k) of accounting policies.

(y) Recent Indian Accounting Standard (Ind AS) and note on COVID-19

1. Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2021. MCA issued notifications dated 24th March, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Group in its financial statements. These amendments are applicable to the Group for the financial year starting 1st April, 2021.

2. Note on COVID-19

In view of the lockdown across the country due to the outbreak of COVID pandemic, operations in many of the Group's locations (manufacturing, warehouses, offices, etc.) are scaled down or shut down in compliance with the directives/ orders issued by the local Panchayat/Municipal Corporation/State/Central Government authorities.

As per management's current assessment, no significant impact on carrying amounts of inventories, intangible assets, trade receivables, investments and other financial assets is expected, and management will continue to monitor changes in future economic conditions. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on the date of approval of these consolidated financial statements.

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Note 3: PROPERTY, PLANT AND EQUIPMENT

	Free-hold Land	Lease-hold Land	Lease-hold Improvements	Buildings	Plant and Equipment	Bearer plants	Electric Installation	Furniture and Fixtures	Office Equipment	Laboratory Equipment	Vehicles	Total
Gross carrying amount												
As at 1 April 2019	24,642	16,648	-	42,743	174,559	258	4,833	1,168	2,873	634	2,999	271,357
Additions	5,574	-	101	11,106	46,014	210	169	221	366	38	475	64,274
Disposals	-	-	(10)	-	(3,274)	(258)	-	-	(227)	(41)	(397)	(4,207)
Reclassified on account of adoption of Ind AS 116	-	(16,554)	-	(258)	-	-	-	-	-	-	-	(16,812)
Adjustment (Transfer to Investment property)*	(3,096)	-	-	-	-	-	-	-	-	-	-	(3,096)
Gross carrying amount as at 31 March 2020	**27,120**	**94**	**91**	**53,591**	**217,299**	**210**	**5,002**	**1,389**	**3,012**	**631**	**3,077**	**311,516**
Accumulated depreciation												
Opening accumulated depreciation	-	(554)	-	(4,589)	(43,551)	(24)	(1,941)	(566)	(1,611)	(266)	(1,372)	(54,474)
Depreciation charge for the year	-	-	(14)	(2,361)	(14,557)	(45)	(434)	(154)	(583)	(72)	(672)	(18,892)
On disposals	-	-	3	-	3,184	52	-	-	213	39	192	3,683
Reclassified on account of adoption of Ind AS 116	-	521	-	143	-	-	-	-	-	-	-	664
Exchange differences	-	-	-	-	(4)	-	-	-	7	-	-	3
Accumulated depreciation as at 31 March 2020	-	(33)	(11)	(6,807)	(54,928)	(17)	(2,375)	(720)	(1,974)	(299)	(1,852)	(69,016)
Net carrying amount as on 31 March 2020	**27,120**	**61**	**80**	**46,784**	**162,371**	**193**	**2,627**	**669**	**1,038**	**332**	**1,225**	**242,500**
Gross carrying amount												
As at 1 April 2020	27,120	94	91	53,591	217,299	210	5,002	1,389	3,012	631	3,077	311,516
Additions	4,068	-	20	47	5,768	-	8	12	243	37	358	10,560
Disposals	-	-	(88)	(186)	(265)	(173)	-	-	(105)	(15)	(697)	(1,530)
Reclassified on account of adoption of Ind AS 116	(8,808)	-	-	-	-	-	-	-	-	-	-	(8,808)
Adjustment (Transfer to Investment property)*	-	(94)	94	-	-	-	-	-	-	-	-	-
Exchange differences	-	-	17	-	975	-	-	-	8	-	55	1,056
Gross carrying amount as at 31 March 2021	**22,380**	**-**	**133**	**53,452**	**223,777**	**37**	**5,010**	**1,401**	**3,158**	**653**	**2,793**	**312,794**
Accumulated depreciation												
Opening accumulated depreciation	-	(33)	(11)	(6,807)	(54,928)	(17)	(2,375)	(720)	(1,974)	(299)	(1,852)	(69,016)
Depreciation charge for the year	-	-	(16)	(2,441)	(14,912)	(20)	(417)	(134)	(406)	(78)	(502)	(18,926)
On disposals	-	-	-	160	198	-	-	-	88	14	362	822
Exchange differences	-	-	(7)	-	(262)	-	-	-	(6)	-	(52)	(327)
Accumulated depreciation as at 31 March 2021	-	(33)	(34)	(9,088)	(69,903)	(37)	(2,792)	(854)	(2,298)	(363)	(2,045)	(87,447)
Net carrying amount as on 31 March 2021	**22,380**	**(33)**	**99**	**44,364**	**153,873**	**(0)**	**2,218**	**547**	**860**	**290**	**749**	**225,347**

Refer Note 2.3(c) for policy on depreciation

*During the year ended March 31, 2020, the management categorised the Freehold vacant land parcel located at Yerwada, Pune as Investment property as per Ind AS 40, based on the re-assessment of use of respective vacant land parcel.

The above does not include stamp duty on the assets (land and other assets) transferred under a restructuring scheme from the Holding Company to Smartchem Technologies Limited, the subsidiary company for which an application for adjudication has been made to the Collector of Stamps (Enforcement), Mumbai. The order in respect of the same is awaited. After completion of the aforesaid process, title deeds of leasehold and freehold land having gross block of ₹ 3,213 Lakhs (Net Block 3,199 Lakhs) will be transferred in the name of the subsidiary company.

Refer Note 21 foot note for information on Property, plant and equipment provided as security by the Group.

Refer Note 34 for finance cost capitalized.

Refer Note 33 for salary cost capitalized.

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Note 4: CAPITAL WORK-IN-PROGRESS

	31 March 2021	31 March 2020
Projects (Mainly comprising of building and plant and machinery)#*	155,667	127,196
Others	5,907	3,744
Total	**161,574**	**130,940**

Includes borrowing cost of ₹ 38,256 Lakhs (31st March 2020 ₹ 25,790 Lakhs)
* Includes salary cost of ₹1343 Lakhs. (31st March 2020 ₹ 533 Lakhs)

Note 4a: INTANGIBLE ASSETS UNDER DEVELOPMENT

	31 March 2021	31 March 2020
Intangible assets under Development	312	16
Total	**312**	**16**

Note 5: INVESTMENT PROPERTIES

	31 March 2021	31 March 2020
Gross carrying amount		
Opening gross carrying amount	3,607	511
Additions	-	3,096
Closing gross carrying amount	**3,607**	**3,607**
Accumulated depreciation		
Opening accumulated depreciation	-	-
Depreciation charge	-	-
Closing accumulated depreciation	-	-
Net carrying amount	**3,607**	**3,607**

(i) Fair value

	31 March 2021	31 March 2020
Investment properties	9,480	9,484

a) Disclosures relating to fair valuation of investment property
Fair value of the above investment property is ₹ 9,480 Lakhs (31 March 2020: ₹ 9,484 Lakhs) based on external valuation.

Fair value Hierarchy
The fair values of investment properties have been determined by an external, independent property valuer, having appropriate recognised professional qualifications and relevant experience in the category of the land parcel being valued. The fair value measurement for the investment property has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used. The investment property constitute of land parcels at Panchagini, Khamgaon, Solapur, Nashik and vacant land at Yerwada, Pune.

Description of valuation technique used
The Group obtains independent valuations of its investment property after every three years as per requirement of Ind AS 40. The fair value of the investment property has been derived using the Direct Comparison Method. The direct comparison approach involves a comparison of the investment property to similar properties that have actually been sold in arms-length transaction or are offered for sale in the same region. This approach demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market, and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. This approach leads to a reasonable estimation of the prevailing price. Given that the comparable instances are located in close proximity to the investment property; these instances have been assessed for their locational comparative advantages and disadvantages while arriving at the indicative price assessment for investment property.

b) The Group has neither earned any rental income nor incurred any direct operating expense on the above properties.

Note 5(b): GOODWILL ON CONSOLIDATION

	31 March 2021	31 March 2020
Opening balance	4,093	2,632
Goodwill on acquisition of Mahadhan Farm Technologies Private Limited	-	1,541
Adjustment for foreign exchange (Platinum Blasting Services Pt	275	(80)
Total	**4,368**	**4,093**

Goodwill of Rs. 4,368 lakhs (2020: Rs. 4,093 crore) relates to the CGUs namely Mahadhan Farm Technologies Private Limited Rs. 1,542 lakhs (31 March 2020: Rs. 1,542), Performance Chemiserve Limited Rs. 1,190 lakhs (31 March 2020: Rs. 1,190 lakhs) and Australian Minning Explosives Pty Ltd Rs. 1,637 lakhs (31 March 2020: Rs. 1,362 lakhs) respectively.
The management has performed the impairment testing of all the companies identified as CGUs based on the revenue generated, profit earned, return on investment, market valuation of ongoing projects and net worth of these companies. Based on assesment of all these factors, management is of the view that there is no indicator of impairment in any of the companies and did not result in any probable scenario in which the recoverable amount of the CGUs would decrease below the carrying amount.

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Note 6: OTHER INTANGIBLE ASSETS

	Computer Software	Technical Know How / Engineering fees	License Fees	Total
Gross carrying amount as on 1 April 2019	883	332	1,326	2,541
Additions during the year	1,480	-	316	1,796
Disposals/ Transfers/ Adjustments	(37)	(4)	-	(41)
Gross carrying amount as on 1 April 2020	2,326	328	1,642	4,296
Additions during the year	100	-	87	187
Gross carrying amount as on 31 March 2021	2,426	328	1,729	4,483
Accumulated Amortisation				
Accumulated amortisation as at 1 April 2019	281	128	1,268	1,677
Amortisation charge for the year	602	34	100	736
Disposals/ Transfers/ Adjustments	(4)	-	-	(4)
Accumulated amortisation as at 1 April 2020	879	162	1,368	2,409
Amortisation charge for the year	268	27	116	411
Closing accumulated amortisation as at 31 March 2021	1,147	189	1,484	2,820
				-
Net Block as at 31 March 2020	1,447	166	274	1,887
Net Block as at 31 March 2021	1,279	139	245	1,663

Refer Note 2.3(d) for policy on amortisation

Note 7: INVESTMENT IN EQUITY ACCOUNTED INVESTEES

	31 March 2021	31 March 2020
Investments in equity shares (unquoted) of Associates 49,994 (31 March 2020: 49,994) equity shares of Ishanya Realty Corporation Limited of Rs 10 each	5	5
Total (equity instruments)	5	5
Aggregate amount of unquoted investments	5	5
Aggregate amount of impairment in the value of investments	-	-

Note 8 : INVESTMENTS

	31 March 2021	31 March 2020
Investment in equity shares (quoted) (fully paid up) (fair value through profit and loss) 4,715 (31 March 2020: 4,715) Equity shares of Punjab National Bank Limited of ₹ 2/- each fully paid up	3	3
Investments in equity shares (unquoted) (fully paid up) (fair value through other comprehensive income) 88,448 (31 March 2020: 88,448) equity shares of Deepak International Limited of AUD 1 each	-	69
Total (equity instruments)	3	72
Total	3	72
Aggregate amount of quoted investments and market value thereof	3	3
Aggregate amount of unquoted investments	-	69
Aggregate amount of impairment in the value of investments	-	-

Refer Note 38(i) for Fair value measurements of financial assets and liabilities and refer Note 38(ii) for Fair value hierarchy disclosures for financial assets and liabilities.

Note 9 : INVESTMENT IN ASSOCIATE (HELD-FOR-SALE)

	31 March 2021	31 March 2020
Investment in equity shares (unquoted) of Associates (fully paid up) carried at lower of cost or net realisable value		
NIL (31 March 2020: 12,70,341) equity shares of Desai Fruit and Vegetables Private Limited of Rs 10 each	-	149
Total	-	149

The Group had signed Share purchase agreement with Contract Farming India A.G. (CFI) on 6 April 2019 to sell shares at ₹ 74 per share for a total consideration of ₹ 3,760 Lakhs. During the year 2020-21, the Group has transferred 12,70,341 shares to Contract Farming India A.G. (CFI) at consideration of ₹ 74 per share for total consideration of ₹ 940 Lakhs (31 March 2020: 38,11,022 shares of ₹ 74 per share for total consideration of ₹ 2,820 Lakhs).

Note 10: CURRENT INVESTMENTS

	31 March 2021	31 March 2020
Unquoted		
Investment in mutual funds (carried at fair value through profit a	44,920	1,011
Total	44,920	1,011
Aggregate carrying value of unquoted investments	44,920	1,011
Aggregate market value of unquoted investments	44,920	1,011
Aggregate amount of impairment in the value of investments	-	-

Refer Note 38(i) for Fair value measurements of financial assets and liabilities and refer Note 38(ii) for Fair value hierarchy disclosures for financial assets and liabilities.

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Deepak Fertilisers and Petrochemicals Corporation Limited
Notes to the consolidated financial statements for the year ended 31 March 2021
(All amounts in ₹ Lakhs unless otherwise stated)

Note 11: TRADE RECEIVABLES

	31 March 2021	31 March 2020
Unsecured, considered good	90,612	127,580
Unsecured, credit Impaired	4,784	2,310
Less: Impairment loss allowance	(4,784)	(2,310)
Total	**90,612**	**127,580**

Movement in allowance for expected credit loss:

	31 March 2021	31 March 2020
Balance at beginning of the year	2,310	1,509
Add: Allowance for expected credit loss	2,474	1,192
Less: Reversed / utilized during the year	-	(391)
Balance as at the end of the year	**4,784**	**2,310**

Trade receivables have been offered as security against the working capital facilities provided by the banks (Refer note 22).

Refer Note 38(i) for Fair value measurements of financial assets and liabilities and refer Note 38(ii) for Fair value hierarchy disclosures for financial assets and liabilities.

Refer Note 39(i) on credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

Refer Note 41(b) for amount receivable from related parties which includes debts due by companies in which any director is a director or member.

Note 12: LOANS

	31 March 2021		31 March 2020	
	Current	Non Current	Current	Non Current
Unsecured, considered good				
Loan to employees	59	-	98	-
Security deposits	952	2,823	26	3,140
Other loans	7	-	20	-
Unsecured, considered doubtful				
Other loans	192	-	138	-
Less: Provision for doubtful loans	(192)	-	(138)	-
Total	**1,018**	**2,823**	**144**	**3,140**

Refer Note 38(i) for Fair value measurements of financial assets and liabilities and refer Note 38(ii) for Fair value hierarchy disclosures for financial assets and liabilities.

Refer Note 41(b) for Security deposits receivable from related parties.

Note 13: CASH & CASH EQUIVALENTS

	31 March 2021	31 March 2020
Balances with banks		
- in current accounts	10,235	12,415
- in EEFC accounts	-	12
Deposits with original maturity upto three months	6,712	3,316
Cash on hand	12	14
Total	**16,959**	**15,757**

Note 14: OTHER BANK BALANCES

	31 March 2021	31 March 2020
Earmarked balances with banks		
Unclaimed dividend	731	767
Deposits with remaining maturity upto 12 months from the reporting date	6,941	9,402
Total	**7,672**	**10,169**

Note 15: OTHER FINANCIAL ASSETS

	31 March 2021		31 March 2020	
	Current	Non Current	Current	Non Current
Unsecured, considered good				
Derivatives				
(i) Foreign-exchange forward contracts	-	-	29	-
(ii) Foreign-exchange option contracts	151	-	2,016	-
(iii) Commodity hedge contracts	723	-	-	-
(iv) Embedded Derivative	788	-	-	-
Unsecured, considered good				
Interest receivable				
(i) From bank	25	-	126	-
(ii) From others	124	-	280	-
Unsecured, considered good				
Deposit with banks with maturity after 12 months from the reporting date	-	136	-	76
Amount paid under protest for claims from supplier*	-	1,507	-	1,507
Others	50	97	50	7
Total	**1,861**	**1,740**	**2,501**	**1,590**

Refer Note 38(i) for Fair value measurements of financial assets and liabilities and refer Note 38(ii) for Fair value hierarchy disclosures for financial assets and
*Included in supplier claim (refer note 42)

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Note 16: OTHER NON-CURRENT ASSETS

	31 March 2021	31 March 2020
Capital advances	5,718	7,202
Balance with government authorities	23,102	21,707
Prepaid Expenses	247	15
Total	**29,067**	**28,924**

Note 17: INVENTORIES

	31 March 2021	31 March 2020
Raw materials ((includes ₹295 Lakhs in transit) (31 March	22,575	22,861
Finished goods	8,460	21,650
Stock-in-trade ((includes ₹ 1,997 Lakhs) (31 March 2020: NIL))	14,103	7,739
Stores and spares ((includes ₹ 381 Lakhs) (31 March 2020: ₹ 16 Lakhs))	16,150	14,224
Packing material	2,434	1,895
Total	**63,722**	**68,369**

(i) The cost of inventories recognised as an expense includes ₹ 382 Lakhs (31 March 2020: ₹ 6 Lakhs) in respect of write-down of inventories to net realisable value.
(ii) Inventories have been offered as security against the working capital facilities provided by the banks. (refer note 22)

Note 18: OTHER CURRENT ASSETS

	31 March 2021	31 March 2020
Advances for supply of goods and services	2,329	1,696
Balances with government authorities	8,476	10,467
Prepaid expenses	2,400	2,582
Other receivables	972	128
Total	**14,177**	**14,873**

Note 19: SHARE CAPITAL

	31 March 2021	31 March 2020
Authorised		
13,50,50,000 equity shares of ₹ 10/- each. (31 March 2020: 13,50,50,000 equity shares of Rs 10/- each)	13,505	13,505
	13,505	**13,505**
Issued, subscribed and fully paid-up share capital		
10,26,77,088 equity shares of ₹ 10/- each. (31 March 2020: 8,92,84,425 equity shares of ₹ 10/- each)	10,268	8,928
Fully paid-up share capital as at year end	**10,268**	**8,928**

(i) Reconciliation of the number of Equity Shares

	31 March 2021		31 March 2020	
Equity Shares	**No of Shares**	**Amount**	**No of Shares**	**Amount**
Balance as at the beginning of the year	89,284,425	8,928	88,204,943	8,820
Add: Issued during the year	-	-	1,079,482	108
Add:Right issue of shares during the year	13,392,663	1,340	-	-
Balance as at the end of the year	**102,677,088**	**10,268**	**89,284,425**	**8,928**

Terms and rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Holder of each equity share is entitled to one vote per share.
The Company declares and pays dividend in Indian Rupees except in the case of overseas shareholders where dividend is paid in respective foreign currencies considering foreign exchange rate applied at the date of remittance. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the Annual General Meeting.

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

(ii) Details of shareholders holding more than 5% shares in the company

	31 March 2021		31 March 2020	
	Number of shares	**% Holding**	**Number of shares**	**% Holding**
Nova Synthetic Limited	43,592,875	42.46%	42,706,848	47.83%
Robust Marketing Services Private Limited	10,759,301	10.48%	-	-

Note 20: OTHER EQUITY (Refer Statement of Changes in Equity for Reserves movement)
(ii) Nature and purpose of other equity

(a) Securities premium: Amount received in excess of face value of the equity shares is recognized in Securities Premium. The reserve is eligible for utilisation in accordance with the provisions of the 2013 Act.

(b) Capital redemption reserve: The Group had issued redeemable preference shares and as per the provisions of the Act where preference shares are redeemed out of divisible profits, an amount equal to the nominal value of shares so redeemed must be transferred to capital redemption reserve, out of divisible profits.

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(c) Share Warrants : During the year 2018-19, the Group has issued 64,76,893 convertible warrants at an issue price of ₹ 308.79 per warrant each to a promoter group company. These warrants are convertible into equal number of fully paid equity shares of ₹ 10 each upon exercise of the option of conversion of warrants held by the holders within a period of 18 months from the date of allotment of warrants. Out of 64,76,893 warrants issued, 10,79,482 are converted in equity shares during the preious year 2019-20.Since, the Group did not receive the balance subscription amount of ₹ 12,500 lakhs from the Warrant holder before the extended due date,the balance lying in the Group paid as Upfront Warrant Subscription Amount towards 25% of the issue price of the warrants and still not converted by the warrant holder into equity amounting to ₹ 4,166 lakhs, was forfeited and transferred to Capital reserve in current year in terms of Regulation 169 (3) of the aforesaid SEBI

(d) Equity portion of non-current borrowings (FCCB): During the year, the Group has received tranche 2 subscription amount $15,000,000 (31 March 2020: Trache 1 $15,000,000) towards Foreign Currency Convertible Bonds ("FCCBs") issued by the Group to International Finance Corporations ("IFC"). The same have been bifurcated into equity and liability components as per the principles of the Indian Accounting Standards.

(e) General reserve: This represents appropriation of profits by the Group to General Reserve and is available for distribution of dividend.

(f) Retained earnings: Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholder.

(g) Other comprehensive income : This represents equity instruments carried at fair value through OCI, foreign currency exchange differences, Hedge income and remeasurement of employee benefits (gratuity & post retirement benefit).

FINANCIAL LIABILITIES

Note 21: NON-CURRENT BORROWINGS

	Terms of repayment	Coupon/ Interest rate	31 March 2021	31 March 2020
Secured				
Term loans				
(i) State Bank of India (refer note 1)	Repayable in 28 quarterly instalments starting from June 2017 onwards.	10.25% per annum 9.60% to 9.80% per annum	18,073	25,405
(ii) Export Import Bank Of India (Loan 1) (refer note 1)			4,288	5,716
(iii) Export Import Bank Of India (Loan 2) (refer note 2)	Repayable in 28 quarterly instalments starting from June 2020 onwards.	9.55% to 9.75% per annum	27,049	28,662
(iv) Bank of Baroda (refer note 3)	Repayable in quarterly instalment starting from March 2023	10.72% per annum	68,694	66,735
(v) Export Import Bank of India (Loan 3) (refer note 3)	Repayable in quarterly instalment starting from March 2023	9.53% per annum	18,215	18,346
(vi) Bank of Baroda (refer note 4)	Repayable in quarterly instalments starting from June 2021 and end date of 31 March 2028	8.15% to 9.40% per annum	19,302	19,350
(vii) Export Import Bank of India (Loan 4) (refer note 4)	Repayable in quarterly instalments starting from June 2021 and end date of 31 March 2028	8.85% to 9.35% per annum	22,179	22,186
(viii) Bank of Baroda (refer note 6)	Repayable in quarterly instalments starting from October 2020 and end date of October 2023	9.05% to 9.85% per annum	16,722	9,904
(ix) Term Loan - State Bank of India, Sydney (refer note 5)	Repayable from calendar year 2018 to 2022	4.55% per annum	5,483	4,605
Unsecured				
(i) Foreign currency convertible bonds - IFC (refer note 7)		Simple Interest : Upto March 12, 2021 : 5% simple interest per annum March 13, 2021 Onwards : 4.5% simple interest per anum and Compound Interest :Upto March 12, 2021 : 1.75% compound interest per anum From March 13, 2021 onwards : 2.25% compound interest per annum	18,140	9,312
(ii) Compulsory convertible debentures - International Finance Corporation (IFC), USA (refer note 8)		8% per annum (IRR : 15.25%)	22,180	10,638
Total			240,325	220,859
Less: Current maturities of long-term debt (included in note 23)			21,666	12,434
Total			218,659	208,425

(All amounts in ₹ Lakhs unless otherwise stated)

1) The term loans from State Bank of India and Export Import Bank of India have been availed for financing NPK project. The term loans are secured by pari passu first charge to be created on the entire fixed assets pertaining to Nitro phosphate plant (NPK project), being all present and future immovable and movable fixed assets pertaining to NPK project from Plot K1 to Plot K5., MIDC Industrial Area, Taloja, Dist. Raigad.

2) The term loan from Export Import Bank of India is secured by hypothecation of movable fixed assets i.e Plant and machinery located at Plot no 7 Haryana Industrial development corporation Panipat and original title deeds of Panipat land given to Export Import Bank of India. Further term loan is secured by pari passu charge to be created on the fixed assets located at Plot K7, K8 MIDC Taloja.

3) The term loan from Bank of Baroda and Exim Bank has been availed for financing of Ammonia Project at Taloja. The term loan is secured by first charge by way of hypothecation in favour of all lenders movable assets, immovable properties, and all the intangible assets in relation to the project, both present and future.

4) The term loans from Bank of Baroda (Dahej) and Export Import Bank of India (Dahej) have been availed for financing of Nitric Acid project at Dajej. The term loans are secured by pari pasu charge on the land & building and hypothecation of all the present & future immovable fixed assets and intangible assets pertaining to Nitric Acid project at Dahej.

5) The term loan availed from State Bank of India, Sydney is secured by pari pasu first charge on the movable and immovable fixed assets of the subsidiary, second charge on current assets of subsidiary

6) The term loan from Bank of Baroda has been availed to shore up the net working capital of the Company. The term loan is secured by exclusive charge on the immovable property situated at Yerwada Pune belonging to joint operation, M/s Yerrowda Investments Limited (YIL). Corporate Guarantee of M/s Yerrowda Investments Limited (YIL) to the extent of the value of Immovable property is offered to Bank of Baroda.

7) The FCCB's will be pari-passu with the senior unsecured creditors of the Company. The Company has received Tranche 2 subscription amount $15,000,000 during current financial year (31 March 2020: Trache 1 $15,000,000). Foreign Currency Convertible Bonds ("FCCBs") issued by the Company to International Finance Corporations ("IFC") have been bifurcated into equity and liability components as per the principles of the Indian Accounting Standards. The financial liability component has been measured at amortized cost in the financial statements as per Ind AS 109, Financial Instruments. The FCCBs are convertible into equity shares of the Company at a predetermined price of ₹ 195 per share (₹ 250 per share till July 16, 2020) at the option of IFC and carry several rights and obligations including adherence to specific financial covenants. The shares issued upon conversion of the FCCB's will rank paripassu in all respects with the existing shares of the Company. In the event of non-conversion till the end of the stipulated period, the amount raised through the issue of FCCBs is repayable in full to IFC. The FCCBs carry a coupon rate of 4.5% simple interest p.a.(5% p.a. upto March 12, 2021), payable semi annually and 2.25% compound interest p.a.(1.75% p.a. upto March 12, 2021), payable on redemption.

8) The Subsidiary Company (Smartchem technologies limited) has received tranche 2 subscription amount of INR 1,050,000,000 during this financial year. Compulsory Convertible debentures ("CCD's") issued by the Subsidiary Company to International Finance Corporations ("IFC") have been shown as liability as per the principles of the Indian Accounting Standards. The financial liability component has been measured at amortized cost in the financial statements as per Ind AS 109, Financial Instruments. IFC have the right to voluntary convert the CCD's, Also, the IFC CCDs shall compulsorily convert into common equity shares at the end of 10 years from the date of investment,IFC shall be entitled to receive such number of common equity shares as per conversion formula, the fair value of which will provide IFC with an IRR of [15] % on its investment, the IFC investment carry several rights and obligations including adherence to specific financial covenants. The shares issued upon conversion of the CCD's will rank pari passu in all respects with the existing shares of the Subsidiary Company.The CCD's carry a coupon rate of 8% simple interest p.a., payable semi annually and XIRR of 15.25%.

Note 22: CURRENT BORROWINGS

	31 March 2021	31 March 2020
Loans repayable on demand - at amortized cost		
Secured		
-Short term loan	10,868	70,255
-Cash credit facilities	151	1,410
Unsecured		
-From related parties	-	265
Total	**11,019**	**71,930**

RECONCILIATION OF BORROWINGS AS REQUIRED BY Ind AS 7 "STATEMENT OF CASH FLOWS"

Particulars	**31 March 2021**	**31 March 2020**
Non-current borrowings	240,325	220,859
Current borrowings	11,019	71,930
Interest accrued (refer note 23)	1,257	2,004
	252,601	**294,793**
Cash and Non-cash adjustments		
Equity portion of non-current borrowings	(1,504)	(1,286)
Deferred tax on equity portion of non-current borrowings	(505)	(432)
Unrealized forex Loss	15,190	481
Proceeds from borrowings	83,273	359,253
Repayment of borrowings	(123,658)	(368,576)
Interest expense	18,771	138
Interest paid	(33,759)	-
Movement of borrowings (net)	**(42,192)**	**(10,422)**

(i) Short term loan from bank is repayable on demand, carries average interest rate of 9.14% (31 March 2020 - 9.19%) and is secured by a first charge by way of hypothecation of stock of raw materials, finished goods and consumable stores and book debts.

(ii) Cash credit is repayable on demand and carries variable rate of interest. Average interest rate for the year is 8.50% (31 March 2020 - NIL). Cash credit facilities sanctioned by banks including working capital demand loans are secured by a first pari passu charge by way of hypothecation of stocks of raw materials, finished goods, consumable stores and book debts.

(iii) Unsecured loan is availed from related party Deepak Agro Solutions Ltd. and is repayable on demand.

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(All amounts in ₹ Lakhs unless otherwise stated)

Note 23: OTHER FINANCIAL LIABILITIES

	31 March 2021	31 March 2020
Non-current		
Security deposits	4,292	-
Embedded Derivative liability	117	170
Total	**4,409**	**170**
Current		
Current maturities of non-current borrowings	21,666	12,434
Interest accrued	1,257	2,004
Security deposits	2,276	5,872
Capital creditors	10,654	8,141
Commission payable (refer Note 41(b))	1,944	19
Foreign-exchange forward contracts payables	-	22
Salary payables	5,037	3,978
Others	214	1,252
Total	**43,048**	**33,722**

Note 24: PROVISIONS

	31 March 2021		31 March 2020	
	Current	Non - Current	Current	Non - Current
Provision for employee benefits				
Gratuity	757	4,148	1,017	3,200
Compensated absences	592	1,782	986	2,028
Defined pension benefits	283	306	242	32
Total (A)	**1,632**	**6,236**	**2,245**	**5,260**
Provisions for tax contingencies (refer note below)	5,743	-	5,656	-
Provision for site restoration (refer note below)	-	472	-	427
Total (B)	**5,743**	**472**	**5,656**	**427**
Total (A+B)	**7,375**	**6,708**	**7,901**	**5,687**

Movement in provision	Tax contingencies#	Site restoration*	Compensated absences
As at 1 April 2019	**5,656**	**454**	**2,629**
Additional provisions recognised	-	41	385
unused amounts reversed	-	(68)	-
As at 1 April 2020	**5,656**	**427**	**3,014**
Additional provisions recognised	87	45	-
unused amounts reversed	-	-	(640)
As at 31 March 2021	**5,743**	**472**	**2,374**

#The provision is mainly on account of entry tax, MVAT applicable on purchase of natural gas and income tax provision.
*The site restoration expense and decommissioning charges outflow is expected to be within a period of one to five years from date of balance sheet.

(A) Defined Contribution Plans (refer Note 33)

The Group has certain defined contribution plans such as provident fund, employee state insurance, employee pension scheme, employee superannuation fund wherein specified percentage is contributed to them. During the year, the Group has contributed following amounts to:

Particulars	31 March 2021	31 March 2020
Employer's contribution to provident fund	809	773
Employer's contribution to employee's pension scheme	264	233
Employer's contribution to superannuation fund	938	1,057
Employer's contribution to employee state insurance	7	8
Total	**2,018**	**2,071**

(B) Defined Benefit Plans

i. Gratuity

In accordance with Ind AS 19 "Employee Benefits", an actuarial valuation has been carried out in respect of gratuity. The discount rate assumed is 6.60% p.a. (31 March 2020: 6.40% p.a) which is determined by reference to market yield at the Balance Sheet date on Government bonds. The retirement age has been considered at 60 years (31 March 2020: 60 years), withdrawal rate is 8% p.a. (31 March 2020: 14% p.a.) and mortality table is as per IALM (2012-14) (31 March 2020: IALM (2012-14)).

The estimates of future salary increases, considered in actuarial valuation is 8% p.a. (31 March 2020: 8% p.a), taking into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The plans assets are maintained with Life Insurance Corporation of India in respect of gratuity scheme of the Group. The details of investments maintained by Life Insurance Corporation are not available with the Group, hence not disclosed. The expected rate of return on plan assets is 6.40% p.a. (31 March 2020: 7.50% p.a).

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

Particulars	31 March 2021	31 March 2020
Present value of obligation at the beginning of the year	8,796	7,309
Current service cost	737	528
Interest cost	537	521
Actuarial loss	595	1,154
Benefits paid	(787)	(716)
Present value of obligation at the end of the year	9,878	8,796

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(All amounts in ₹ Lakhs unless otherwise stated)

Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:

Particulars	31 March 2021	31 March 2020
Present value of obligation at the end of the year	9,878	8,796
Fair value of plan assets at the end of the year	4,973	4,579
Net liabilities recognised in the Balance Sheet	4,905	4,217

Fair value of Plan assets :

Particulars	31 March 2021	31 March 2020
Plan assets at the beginning of the year	4,579	4,232
Interest income	49	33
Expected return on plan assets	250	274
Contribution by employer	765	669
Actual benefits paid	(702)	(685)
Actuarial gain/(loss)	32	56
Plan assets at the end of the year	4,973	4,579

Expense recognised in the Statement of Profit and Loss under employee benefits expense:

Particulars	31 March 2021	31 March 2020
Current service cost	737	528
Interest cost	243	205
Expense recognised in the Statement of Profit and Loss	980	733

Amount recognised in the other comprehensive income:

Particulars	31 March 2021	31 March 2020
Actuarial loss on defined benefit obligation	595	1,154
Actuarial (gain) on plan assets	(36)	(47)
Amount recognised in the Other Comprehensive Income	559	1,107

Remeasurements for the year (Actuarial (Gain) / Loss)

Particulars	31 March 2021	31 March 2020
Experience Loss on plan liabilities	520	231
Demographic Loss on plan liabilities	174	74
Financial (Gain) / Loss on plan liabilities	(99)	848
Experience (Gain) / Loss on plan assets	(86)	(47)
Financial Loss on plan assets	50	-

Categories of the fair value of total plan assets:

Particulars	31 March 2021	31 March 2020
Funds managed by insurer	4,973	4,579
(%) of total plan assets	100%	100%

Sensitivity analysis :

Particulars	31 March 2021		31 March 2020	
Assumptions	Discount rate		Discount rate	
Sensitivity level	1.00% increase	1.00% decrease	1.00% increase	1.00% decrease
Impact on defined benefit (decrease)/increase	(466)	516	(343)	372

Particulars	31 March 2021		31 March 2020	
Assumptions	Future salary increase		Future salary increase	
Sensitivity level	1.00% increase	1.00% decrease	1.00% increase	1.00% decrease
Impact on defined benefit	422	(389)	283	(266)

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant.

Maturity profile of defined benefit obligation (Gratuity) is as follows:

Particulars	31 March 2021	31 March 2020
Within the next 12 months (next annual reporting period)	2,314	2,539
Later than 1 year and not later than 5 years	5,135	5,155
Later than 5 year and not later than 9 years	6,958	5,349
Total expected payments	**14,406**	**13,043**

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal rate and interest rate) is 8.22 years (31 March 2020: 6.17 years)

RISK EXPOSURE AND ASSET LIABILITY MATCHING

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1. Liability Risks

a. Asset-Liability Mismatch Risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Group is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b. Discount Rate Risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

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(All amounts in ₹ Lakhs unless otherwise stated)

c. Future Salary Escalation and Inflation Risk
Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainities in estimating this increasing risk.

2. Asset Risks
Plan assets are maintained in a trust fund partly managed by a public sector insurer viz;LIC of India and partly managed by a private sector insurer viz;India First Life Insurance.
The Group has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Group has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

ii. Defined pension benefits

The Group has a Post Retirement Benefit plan, which is a defined benefit retirement plan, according to which executives superannuating from the service after ten years of service are eligible for certain benefits like medical, fuel expenses, telephone reimbursement, club membership etc. for specified number of yea₹ The liability is provided for on the basis of an independent actuarial valuation.

In accordance with Ind AS 19 "Employee Benefits", an actuarial valuation has been carried out in respect of post retirement benefits. The discount rate assumed is 6.60% p.a. (31 March 2020: 6.40% p.a) which is determined by reference to market yield at the Balance Sheet date on Government bonds. The retirement age has been considered at 60 years (31 March 2020: 60 years), withdrawal rate is 8% p.a. (31 March 2020: 14% p.a.) and mortality table is as per IALM (2012-14) (31 March 2020: IALM (2012-14)).

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

Particulars	31 March 2021	31 March 2020
Present value of obligation at the beginning of the year	274	228
Current service cost	51	57
Past service cost	-	-
Interest cost	16	15
Actuarial loss	281	13
Benefits paid	(33)	(39)
Present value of obligation at the end of the year	589	274

Expense recognised in the Statement of Profit and Loss under employee benefits expense:

Particulars	31 March 2021	31 March 2020
Current service cost	51	57
Interest cost	16	15
Expense recognised in the Statement of Profit and Loss	68	72

Amount recognised in the other comprehensive income:

Particulars	31 March 2021	31 March 2020
Remeasurements Cost / (Credit)	281	14
Amount recognised in the Other Comprehensive Income	281	14

Sensitivity analysis :

Particulars	31 March 2021		31 March 2020	
Assumptions	Discount rate		Discount rate	
Sensitivity level	1.00% increase	1.00% decrease	1.00% increase	1.00% decrease
Impact on defined benefit	(140)	196	(58)	79

Note 25: TRADE PAYABLES

	31 March 2021	31 March 2020
Trade payables		
(a) total outstanding dues of micro and small enterprises	1,436	762
(b) total outstanding dues of creditors other than micro and sma	128,240	128,687
Total	**129,676**	**129,449**

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Group. The amount of principal and interest outstanding during the year is given below :

	31 March 2021	31 March 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount outstanding (whether due or not) to micro and small enterprises	1,436	762
- Interest due thereon	24	7
The amount of interest paid by the Group in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of payment made to the supplier beyond the appointed day during the year	9,015	2,441
Amount of interest due and payable on delayed payments	127	53
Amount of interest accrued and remaining unpaid as at year en	249	98
The amount of further interest remaining due and payable even in the succeeding year	-	-

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Details of Micro and Small Enterprises as define under MSMED ACT, 2006
To comply with the requirement of The Micro, Small And Medium Enterprises Development Act, 2006, the Group requested its suppliers to confirm whether they are covered as Micro, Small or Medium enterprise as is defined in the said Act. Based on the communications received from such suppliers confirming their coverage as such enterprise, the Group has recognised them for the necessary treatment as provided under the Act, from the date of receipt of such confirmations.

Note 26: DEFERRED TAX ASSETS (NET)

	31 March 2021	31 March 2020
The balance comprises temporary differences attributable to:		
(a) Deferred tax assets	59,506	58,954
(b) Deferred tax liabilities	(54,803)	(54,365)
Net deferred tax assets	**4,703**	**4,589**

Movements during the year ended 31 March 2021

	1 April 2020	Credit/(charge) in the statement of Profit and Loss	Credit/(Charge) in equity	Credit/(charge) in the Other Comprehensive Income	31 March 2021
Property, plant and equipment, investment property and intangibles assets	(54,365)	545	-	-	(53,820)
Business loss	33,930	9,626	-	-	43,556
Financial assets at fair value through profit or loss	668	(93)	-	114	689
Expenses allowable in the year of payment (section 43B of Income Tax Act 1961)	2,300	(126)	-	129	2,303
MAT credit	3,460	(3,460)	-	-	-
Equity portion of Foreign Currency Convertible Bonds	(459)	88	(505)	-	(876)
Impairment Provision	-	255	-	-	255
Financial assets at fair value through OCI	-	-	-	(107)	(107)
Reversal of deferred tax on goodwill adjustment and other intangible assets	19,084	(7,281)	-	-	11,803
Others	(29)	930	-	-	900
Net deferred tax assets	**4,589**	**484**	**(505)**	**136**	**4,703**

Movements during the year ended 31 March 2020:

	1 April 2019	Credit/(charge) in the statement of Profit and Loss	Credit/(Charge) in equity	Credit/(charge) in the Other Comprehensive Income	31 March 2020
Property, plant and equipment, investment property and intangibles assets	(51,750)	(2,615)	-	-	(54,365)
Business losses comprising Unabsorbed tax depreciation	30,505	3,425	-	-	33,930
Financial assets at fair value through profit or loss	308	26	-	334	668
Expenses allowable in the year of payment (section 43B of Income Tax Act 1961)	2,221	79	-	-	2,300
MAT credit*	5,013	(1,553)	-	-	3,460
Equity portion of Foreign Currency Convertible Bonds	-	(26)	(433)	-	(459)
Reversal of deferred tax on intangible assets	20,728	(1,644)			19,084
Others	328	(357)	-	-	(29)
Net deferred tax assets	**7,353**	**(2,665)**	**(433)**	**334**	**4,589**

* Includes MAT credit of ₹ 1,637 lakhs which was utilized in earlier period.

Note 27: OTHER CURRENT LIABILITIES

	31 March 2021	31 March 2020
Advances from customers	1,546	1,582
Unclaimed dividend (#)	731	767
Statutory dues payable	2,527	2,113
Other payables	132	14
Total	**4,936**	**4,476**

(#) ₹ 100 Lakhs (31 March 2020 ₹. 90 Lakhs) transferred to the Investor Education and Protection Fund during the year. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company except for ₹ 0.37 Lakhs (31 March 2020 ₹ 0.37 Lakhs), wherein legal disputes with regards to ownership have remained unresolved.

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Deepak Fertilisers & Petrochemicals Corporation Limited
Notes to the consolidated financial statements for the year ended 31 March 2021
(All amounts in ₹ Lakhs unless otherwise stated)

Note 5 (a): Leases

A. Right of use assets

Particulars	Land and Building	Furniture & fixtures	Leasehold Land	Other Equipment	Total
Gross carrying amount					
Balance as at 1 April 2019	5,351	-	-	3,966	9,317
Add: Reclassification on account of adoption of Ind AS 116	115	-	16,033	-	16,148
Add: Additions during the year	-	302	168	-	470
Less: Disposals	-	-	(5,115)	-	(5,115)
Gross carrying amount as at 31 March 2020	5,466	302	11,086	3,966	20,820
Accumulated amortization					
Balance as at 1 April 2019	-	-	-	-	-
Amortisation for the year	(952)	(32)	(176)	(565)	(1,725)
Accumulated depreciation as at 31 March 2020	(952)	(32)	(176)	(565)	(1,725)
Net carrying amount as at 31 March 2020	4,514	270	10,910	3,401	19,095
Gross carrying amount					
Balance as at 1 April 2020	5,466	302	11,086	3,966	20,820
Add: Additions	8,825	-	436	531	9,792
Less: Disposals	(245)	-	-	-	(245)
Exchange differences	315	-	8	-	323
Gross carrying amount as at 31 March 2021	14,361	302	11,530	4,497	30,690
Accumulated amortization					
Balance as at 1 April 2020	(952)	(32)	(176)	(565)	(1,725)
Amortisation for the year	(1,102)	(60)	(588)	(108)	(1,858)
Exchange differences	(4)	-	(3)	-	(7)
Accumulated depreciation as at 31 March 2021	(2,058)	(92)	(767)	(673)	(3,590)
Net carrying amount as at 31 March 2021	**12,303**	**210**	**10,763**	**3,824**	**27,100**

B. Lease liabilities

Particulars	31 March 2021	31 March 2020
Current	1,333	1,944
Non Current	6,619	6,784
Total	**7,952**	**8,728**

C. Interest expenses on lease liabilities

Particulars	31 March 2021	31 March 2020
Interest on lease liabilities	**644**	**793**

D. Expenses on short term leases / low value assets

Particulars	31 March 2021	31 March 2020
Short term lease	1,628	2731

E. Amounts recognised in the statement of cash flow

Particulars	31 March 2021	31 March 2020
Total cash outflow for leases	2,144	1,900

F. Maturity analysis – contractual undiscounted cash flows

Particulars	31 March 2021	31 March 2020
Less than one year	1,465	1,991
One to five years	4,577	8,440
More than five years	2,438	1,024
Total undiscounted lease liabilities at March 31, 2021	**8,480**	**11,455**

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Note 5 (a): Leases
Other Information:
The Group has leases mainly for Land, Corporate building, furniture items and other equipments. These lease contracts provide for payment to increase each year by inflation.

Leases not yet commenced to which the lessee is committed
At 31 March 2021 the Holding company had committed to leases which had not yet commenced. The total future cash outflows for leases that had not yet commenced is amounting to ₹ 85 lakhs.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at 31 March 2019 compared to the lease liability as accounted as at 1 April 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Group has chosen to apply the practical expedient as per the standard.

The Group does not face significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.There are no variable lease payments and guaranteed residual value in existing lease agreements.

The incremental borrowing rate of 9.65% p.a. has been applied to lease liabilities recognised in the Balance Sheet.

For transition, the Group has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Group has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Group has used a single discount rate to a portfolio of leases with similar characteristics.

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(All amounts in ₹ Lakhs unless otherwise stated)

Note 28: REVENUE FROM OPERATIONS

	31 March 2021	31 March 2020
Sale of products		
Finished goods	482,762	384,753
Traded goods	96,505	81,387
Power generated from windmills	253	745
Revenue from realty business	786	1,396
Other operating revenues	543	257
Total	**580,849**	**468,538**

Contracts with customer

Particulars	31 March 2021	31 March 2020
Revenue recognised from contracts with customers	580,849	468,538
Disaggregation of revenue		
Based on type of goods		
Sale of finished goods -		
(i) Sale of chemicals	265,708	226,200
(ii) Sale of fertilisers	217,054	158,553
Sale of traded goods -		
(i) Industrial Chemicals	49,897	48,155
(ii) Fertilisers	46,214	32,467
(iii) Value added real estate (VARE) - Sale of furniture	394	765
- Revenue from power generated from windmills	253	745
- Income from realty operation	786	1,396
- Other operating revenues	543	257
Impairment losses recognised on receivables or contract assets arising from an entity's contracts with customers	4,784	2,310

Details of contract balances:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Opening balance of receivables	127,580	139,626
Closing balance of receivables	90,612	127,580

Significant changes in the contract liability balances during the year ended are as follows:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Contract liabilities at the beginning of the year	1,582	821
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	1,582	821
Increase due to cash received, excluding amounts recognised as revenue during the year	1,546	1,582
Contract liabilities at the end of the year	1,546	1,582

There is no significant change in the contract asset and contract liabilities.

Performance obligations

The Group satisfies its performance obligations pertaining to the sale of products at point in time when the control of goods is actually transferred to the custome₹ No significant judgment is involved in evaluating when a customer obtains control of promised goods. The contract is a fixed price contract subject to refund due to shortages and discounts during the mode of transportation and do not contain any financing component. The payment is generally due within 30-90 days.

The Group is obliged for refunds due to shortages and discounts. There are no other significant obligations attached in the contract with customer.

Transaction price

There is no remaining performance obligation for any contract for which revenue has been recognised till period end. Further, the Group has not applied the practical expedient as specified in para 121 of Ind AS 115 as the Group do not have any performance obligations that has an original expected duration of one year or less or any revenue stream in which consideration from a customer corresponds directly with the value to the customer of the entity's performance completed to date.

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Determining the timing of satisfaction of performance obligations
There is no significant judgements involved in ascertaining the timing of satisfaction of performance obligations, in evaluating when a customer obtains control of promised goods, transaction price and allocation of it to the performance obligations.

Determining the transaction price and the amounts allocated to performance obligations
The transaction price ascertained for the only performance obligation of the Group (i.e. Sale of goods) is agreed in the contract with the customer. There is no variable consideration involved in the transaction price except for refund due to shortages and discounts which is adjusted with revenue.

Reconciliation of contract price with revenue recognised in statement of profit and loss:

Particulars	31 March 2021	31 March 2020
Contract price	607,942	497,709
Less:		
Amount recognised as Discounts / shortages	27,093	26,053
Revenue recognised in statement of profit and loss	**580,849**	**468,538**

Cost to obtain contract or fulfil a contract
There is no cost incurred for obtaining or fulfilling a contract and there is no closing assets recognised from the costs incurred to obtain or fulfil a contract with a customer.

Note 29: OTHER INCOME

	31 March 2021	31 March 2020
Interest income from financial assets measured at ammortized cost	922	1,048
Fair value loss on financial assets mandatorily measured at fair value through profit or loss	(48)	-
Net gain on sale of investments#	1,220	2,907
Gain on on disposal of property, plant and equipment*	-	3,566
Unwinding of discount on security deposits	113	269
Foreign exchange fluctuation gain (net)	394	-
Other non-operating income	667	1,755
Total	**3,267**	**9,545**

Includes profit on sale of investment in an associate amounting to ₹ 795 lakhs (31 March 2020: ₹ 2,372 lakhs).
* Includes profit on sale of plot of industrial leasehold land at Dahej,Gujarat in the previous year as part of the strategy to divest non-core assets amounting to ₹ 3,544 Lakhs

Note 30: COST OF MATERIALS CONSUMED

	31 March 2021	31 March 2020
Raw materials as at the beginning of the year	22,861	25,895
Add: Purchases during the year	288,926	258,436
Less: Raw material as at the end of the year	22,575	22,861
Total	**289,212**	**261,470**

Note 31: PURCHASE OF STOCK-IN-TRADE

	31 March 2021	31 March 2020
Purchases of stock-in- trade	84,351	55,471
Total	**84,351**	**55,471**

Note 32: CHANGES IN INVENTORIES OF STOCK-IN-TRADE AND FINISHED GOODS

	31 March 2021	31 March 2020
Opening balance		
Finished goods	21,650	29,842
Stock-in-trade	7,739	13,564
Total opening balance	**29,389**	**43,406**
Closing balance		
Finished goods	8,460	21,650
Stock-in-trade	14,103	7,739
Total closing balance	**22,563**	**29,389**
Total changes in inventories of stock-in-trade and finished goods	**6,826**	**14,017**

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Note 33: EMPLOYEE BENEFITS EXPENSES

	31 March 2021	31 March 2020
Salaries, wages and bonus#	32,132	26,473
Contribution to provident fund & other funds	2,018	2,071
Gratuity (refer note 24)	980	733
Post-employment pension benefits (refer note 24)	68	72
Staff welfare expenses	1,315	1,268
Total	**36,513**	**30,617**

(#)Salary of ₹ NIL (31 March 2020: ₹163 Lakhs) capitalised in property, plant and equipment during the year.

Note 34: FINANCE COSTS

	31 March 2021	31 March 2020
Interest cost on financial liabilities measured at amortized cost	24,960	29,939
Less: Interest capitalised	(12,466)	(9,674)
Finance charges on finance leases	644	793
Increases in the decommissioning liabilities	45	(22)
Interest others	3,525	1,490
Other borrowing costs	2,096	1,726
Exchange differences regarded as an adjustment to borrowing costs	(33)	41
Total	**18,771**	**24,293**

Note 35: DEPRECIATION AND AMORTISATION EXPENSE

	31 March 2021	31 March 2020
Depreciation on property, plant and equipment	18,926	18,892
Amortisation on right of use asset	1,858	1,725
Amortisation on intangible assets	411	736
Total	**21,195**	**21,353**

Note 36: OTHER EXPENSES

	31 March 2021	31 March 2020
Consumption of stores and spares	9,477	7,274
Power, fuel and water*	8,309	6,188
Repairs to :		
- Building	706	670
- Plant and machinery	7,085	5,960
- Others	1,705	1,309
Rent	1,277	1,922
Insurance	2,167	1,748
Rates, taxes and duties #	2,379	1,658
Travelling and conveyance	529	1,238
Legal and professional fees	3,444	3,390
Payments to auditors (note 37(a) below)	96	81
Directors' sitting fees	132	69
Carriage outward (net)	19,740	15,502
Warehouse and handling charges	768	1,234
Loss on disposal of property, plant and equipment	562	50
Commission on sales	377	381
Sales and promotion expenses	1,205	1,386
Utility services	1,299	1,294
Communication expenses	57	307
Corporate social responsibility expenditure (note 37(b) below)	166	67
Bad debts	50	403
Provision for doubtful debts	2,474	801
Provision for doubtful loans	54	37
Foreign exchange fluctuations loss (net)	-	4,270
Miscellaneous expenses@	4,358	3,298
Total	**68,416**	**60,537**

* net of reversal of MSEB electricity duty provision of NIL (31 March 2020 : 2,552 Lakhs)
# net of reversal of provision of local body tax NIL (net of reversal of provision for penalty on entry tax 31 March 2020 : 949 Lakhs)
@ Miscellaneous expenses include ₹ 1,015 Lakhs of Provision for capital work in progress (31 March 2020 : ₹ 575 Lakhs)

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Note 37(a): DETAILS OF PAYMENTS TO AUDITORS

	31 March 2021	31 March 2020
Payment to auditors		
As auditor:		
Audit fee	68	59
Tax audit fee	6	6
Certification fees in the capacity of statutory auditors	14	11
In other capacities		
Taxation matters	6	1
Re-imbursement of expenses	2	4
Total	**96**	**81**

*Payment to auditors for current year include payment to previous auditor of ₹ 16 Lakhs

Note 37(b): CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

	31 March 2021	31 March 2020
Contributions to Ishanya Foundation	133	40
Others	33	27
Total	**166**	**67**
Amount required to be spent as per Section 135 of the Act	129	289
Amount spent during the year on		
(i) Construction/acquisition of an asset		-
(ii) On purposes other than (i) above	166	67

Note 37(c): EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profits for the year attributable to equity share holders of the group by weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity share holders of the group by the weighted average number of equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity Shares into equity shares.

The following reflects the profit and share data used in the basic and diluted EPS computation

	31 March 2021	31 March 2020
Numerator for basic and diluted EPS		
Net profit after tax attributable to equity shareholders of parent (₹ in Lakhs) for basic EPS	40,031	8,726
Add: Adjustment for interest on Foreign currency convertible bonds post tax	1,073	-
Net profit after tax attributable to equity shareholders of parent (₹ in Lakhs) for diluted EPS	41,104	8,726
Denominator for basic and diluted EPS		
Weighted average number of equity shares for basic EPS	96,531,814	91,124,605
Add: Adjustment for Foreign currency convertible bonds	8,324,718	-
Weighted average number of equity shares for diluted EPS	104,856,532	91,124,605
Basic earnings per share of face value of ₹ 10 each (in ₹/share)	41.47	9.58
Diluted earnings per share of face value of ₹ 10 each (in ₹/share)	39.20	9.58

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(All amounts in ₹ Lakhs unless otherwise stated)

Note 38: FAIR VALUE MEASUREMENTS

(i) Financial instruments by category

	31 March 2021			31 March 2020		
	Fair value through P&L	Fair value through OCI	Amortised cost	Fair value through P&L	Fair value through OCI	Amortised cost
Financial assets						
Investments						
- Equity instruments other than investments in associates	3	-	-	3	69	-
- Mutual funds	44,920	-	-	1,011	-	-
Trade receivables	-	-	90,612	-	-	127,580
Cash and cash equivalents	-	-	16,959	-	-	15,757
Other bank balances	-	-	7,672	-	-	10,169
Loans	-	-	3,841	-	-	3,284
Other financial assets						
- Derivative financial assets, not designated as hedges	151	-	-	2,045	-	-
- Derivative financial asset, designated as hedges	229	494	-	-	-	-
- Embedded derivative	788	-	-	-	-	-
- Others	-	-	1,939	-	-	2,046
Total financial assets	**46,091**	**494**	**121,023**	**3,059**	**69**	**158,836**
Financial liabilities						
Borrowings	-	-	229,678	-	-	280,355
Lease Liabilities	-	-	7,952	-	-	8,728
Trade payables	-	-	129,676	-	-	129,449
Other financial liabilities						
- Current maturities of long term debt	-	-	21,666	-	-	12,434
- Derivative financial liabilities, not designated as hedges	-	-	-	22	-	-
- Capital creditors	-	-	10,654	-	-	8,141
- Security deposits	-	-	6,568	-	-	5,872
- Interest accrued	-	-	1,257	-	-	2,004
- Embedded derivative	117	-	-	170	-	-
- Others	-	-	7,195	-	-	5,249
Total financial liabilities	**117**	**-**	**414,646**	**192**	**-**	**452,232**

(ii) Fair value hierarchy

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required) :

The different levels have been defined as follows:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level-1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

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Note 38: FAIR VALUE MEASUREMENTS

Financial assets and liabilities measured at fair value	31 March 2021				31 March 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Financial Investments at FVPL								
Equity instruments other than investments in associates	3	-	-	3	3	-	-	3
Mutual funds	44,920	-	-	44,920	1,011	-	-	1,011
Financial Investments at FVOCI				-	-	-	-	-
Equity instruments	-	-	-	-	-	-	69	69
Derivatives	-			-	-	-	-	-
Foreign exchange forward contracts/options	-	151	-	151	-	2,045	-	2,045
Commodity Hedge contract	-	723	-	723	-	-	-	-
Embedded derivative	-	788	-	788	-	-	-	-
Total financial assets	**44,923**	**1,662**	**-**	**46,585**	**1,014**	**2,045**	**69**	**3,128**
Financial liabilities								
Derivatives								
Foreign exchange forward contracts/options	-	-	-	-	-	22	-	22
Embedded derivative	-	117	-	117	-	170	-	170
Total financial liabilities	**-**	**117**	**-**	**117**	**-**	**192**	**-**	**192**

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2021 and 31 March 2020

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
(iii) Valuation technique to determine fair value
The following methods and assumptions were used to estimate the fair values of financial instruments:
a) The management assessed that fair value of cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

b) The investments measured at fair value and falling under fair value hierarchy Level 3 are valued on basis of valuation reports provided by external valuers with the exception of certain investments, where cost has been considered as an appropriate estimate of fair value because of wide range of possible fair value measurements and cost represents the best estimate of fair values within that ranges.

c) The fair values of investments in mutual fund units is based on the net asset value (NAV) as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date, NAV represents the price at which the issuers will issue further units of mutual fund and the price at which issuers will redeem such units from investo₹

d) The Company enters into derivative financial instruments with various counterparties, principally banks. The fair value of derivative financial instrument is based on observable market inputs including currency spot and forward rate, yield curves, currency volatility, credit quality of counterparties, interest rate and forward rate curves of the underlying instruments etc. and use of appropriate valuation models.

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Note 39: FINANCIAL RISK MANAGEMENT

Risk management framework

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group, through three layers of defence namely policies and procedures, review mechanism and assurance aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit committee of the Board with top management oversee the formulation and implementation of the Risk management policies. The risk are identified at business unit level and mitigation plans are identified, deliberated and reviewed at appropriate forums.

The Group has exposure to the following risks arising from financial instruments:
- credit risk;
- liquidity risk; and
- market risk.

i. Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, loans, investments and balances with banks.
The carrying amount of financial assets represents the maximum credit risk exposure.

Trade receivables and other financial assets

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and business intelligence. Sale limits are established for each customer and reviewed annually. Any sales exceeding those limits require approval from the appropriate authority as per policy.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a institutional, dealers or end-user customer, their geographic location, industry, trade history with the Group and existence of previous financial difficulties.
There is no substantial concentration of credit risk as the revenue and trade receivables from any of the single customer do not exceed 10% of Group revenue.

Expected credit loss for trade receivables:

The Group based on internal assessment which is driven by the historical experience/ current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is considered low. The Group estimates its allowance for trade receivable using lifetime expected credit loss. The balance past due for more than 6 month (net of expected credit loss allowance), ₹3,542 Lakhs (31 March 2020: ₹1,009 Lakhs). There is no concentration of credit risk in trade receivables either at 31 March 2021 or 31 March 2020.

Movement in the expected credit loss allowance of trade receivables are as follows:

	31 March 2021	31 March 2020
Balance at the beginning of the year	2,310	1,509
Add: Provided during the year (net of reversal)	2,474	1,192
Less: Amount written off	-	(391)
Balance at the end of the year	4,784	2,310

Expected credit loss on financial assets other than trade receivables:

With regards to all financial assets with contractual cash flows other than trade receivable, management believes these to be high quality assets with negligible credit risk. The management believes that the parties from which these financial assets are recoverable, have strong capacity to meet the obligations and hence the risk of default is negligible and accordingly there are no significant provisions for expected credit loss on these balance financial assets.

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ii. Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's treasury department is responsible for managing the short term and long term liquidity requirements. Short term liquidity situation is reviewed periodically by treasury. Longer term liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

31 March 2021	Carrying Amount	Payable within 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivatives financial liabilities					
Borrowings	251,344	29,317	139,894	82,133	251,344
Lease Liabilities	7,952	1,333	6,619		7,952
Trade payables	65,069	65,069	-	-	65,069
Interest accrued	1,211	1,211			1,211
Security deposits	2,276	2,276			2,276
Capital creditors	10,654	10,654	-	-	10,654
Foreign exchange forward contracts	-	-	-	-	-
Other financial liabilities	11,604	11,604	117	-	11,721
Total non-derivative liabilities	**350,110**	**121,464**	**146,630**	**82,133**	**350,227**
Derivatives financial liabilities					
Interest accrued	46	46	-	-	46
Trade payables	64,607	64,607	-	-	64,607
Total derivative liabilities	**64,653**	**64,653**	**-**	**-**	**64,653**

31 March 2020	Carrying Amount	Payable within 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivatives financial liabilities					
Borrowings	292,789	87,422	119,270	86,097	292,789
Lease Liabilities	8,728	1,944	6,784	-	8,728
Trade payables	72,101	72,101	-	-	72,101
Interest accrued	1,883	1,883	-	-	1,883
Security deposits	5,872	5,872	-	-	5,872
Embedded derivative	360	190	170	-	360
Capital creditors	5,266	5,266	-	-	5,266
Foreign exchange forward contracts	22	22	-	-	22
Other financial liabilities	5,059	5,059	-	-	5,059
Total non-derivative liabilities	**392,080**	**179,759**	**126,224**	**86,097**	**392,080**
Derivatives financial liabilities					
Interest accrued	121	121	-	-	121
Capital creditors	2,875	2,875	-	-	2,875
Trade payables	57,348	57,348	-	-	57,348
Total derivative liabilities	**60,344**	**60,344**	**-**	**-**	**60,344**

iii. Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

a. Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the functional currency of the Group. The currencies in which the Group is exposed to risk are USD, AED and EUR.

The Group follows a natural hedge driven currency risk mitigation policy to the extent possible. Any residual risk is evaluated and appropriate risk mitigating steps are taken, including but not limited to, entering into forward contracts.

Exposure to currency risk

(i) The Group's exposure to foreign currency risk at the end of the reporting period is presented in Note no 44.

(ii) The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and forward contracts.

	Impact on profit after tax	
	31 March 2021	31 March 2020
USD sensitivity		
Rs/USD -appreciated by 1% (31 March 2020-1%)	620	736
Rs/USD -depreciated by 1% (31 March 2020-1%)	(620)	(736)
EUR sensitivity		
Rs/EUR-appreciated by 1% (31 March 2020-1%)	-	1
Rs/EUR-appreciated by 1% (31 March 2020-1%)	-	(1)

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b. Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Group are principally denominated in rupees and US dollars with a mix of fixed and floating rates of interest. The Group has exposure to interest rate risk, arising principally on changes in base lending rate and LIBOR rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

Exposure to interest rate risk

The following table provides a break-up of the Group's fixed and floating rate borrowings:

	31 March 2021	31 March 2020
Variable rate borrowings	221,666	125,158
Fixed rate borrowings	29,680	167,631
Total borrowings	**251,346**	**292,789**

(ii) Sensitivity
The sensitivity analysis below has been determined based on the exposure to interest rates for floating rate liabilities assuming the amount of the liability outstanding at the year-end was outstanding for the whole year.

If interest rates had been 50 basis points higher / lower and all other variables were held constant, the Group's profit before tax for the year ended 31 March 2021 would decrease / increase by ₹ 1,108 Lakhs (for the year ended 31 March 2020: decrease / increase by ₹ 626 Lakhs). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

Note 40 : Capital Management
(a) Risk Management
The Group's objectives when managing capital are to:
- safeguard its ability to continue as a going concern, so that its can continue to provide returns for its shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents and other bank balances) and divided by Total 'equity' (as shown in the Balance Sheet).
The gearing ratios were as follows:

	31 March 2021	31 March 2020
Net debt	226,713	266,863
Total equity	279,960	222,391
Net debt to equity ratio	**0.81**	**1.20**

(b) Dividends

Particulars	31 March 2021	31 March 2020
(i) Equity shares Final dividend paid for the year ended 31 March 2020 of ₹ 3 per fully paid equity share (31 March 2019 of ₹ 3 per fully paid equity share)	2,679	2,646
(ii) Dividend not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 7.50 per fully paid equity share (31 March 2020 : ₹ 3). The proposed dividend is subject to the approval of shareholders in the ensuring annual general meeting.	7,701	2,679

After the reporting date, the following dividend (excluding dividend distribution tax) has been proposed by the Directors subject to the approval at the Annual General Meeting; the dividends have not been recognised as a liability. The Finance Act, 2020 in India has repealed Dividend Distribution Tax (DDT). The Companies are now required to pay/ distribute dividend after deducting applicable taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates as per Finance Act, 2020.

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Note 41(a) : NAMES OF THE RELATED PARTIES AND RELATIONSHIPS

A Significant influence over the entity
1 Nova Synthetic Limited

B Associates
1 Ishanya Realty Corporation Limited

C Jointly Controlled Entity
1 Yerrowda Investments Limited

D Entities over which key managerial personnel are able to exercise significant influence:
1 Nova Synthetic Limited
2 Ishanya Foundation
3 Robust Marketing Services Private Limited
4 Deepak Agro Solution Ltd

E Entities over which relatives of key managerial personnel are able to exercise significant influence:
1 Deepak Nitrite Limited
2 Deepak Phenolics Limited
3 Ishanya Foundation

F Relatives of key management personnel
1 Ms. Rajvee Mehta

G Key management personnel

(a) **Executive directors**
Mr. Sailesh Chimanlal Mehta
Mr. Yeshil Mehta

(b) **Non-executive directors**
Mr. Parul Sailesh Mehta
Mr. Madhumilan Parshuram Shinde
Mr Tapan Kumar Chatterjee
Mr. Ashok Shah

Mr. Rahgunath Kelkar
Mr. Amitabh Bhargava
Mr. K Subharaman

(c) **Non-executive Independent directors**
Mr. Berjis Minoo Desai
Mr. Ashok Kumar Purwaha
Mr. Mahesh Ramchand Chhabria (upto 31/07/2020)
Mr. Pranay Dhansukhlal Vakil (upto 21/09/2020)
Mr. Alok Perti
Dr. Amit Biswas
Mr. Partha Sarathi Bhattacharyya
Mr. Bhuwan C Tripathi
Ms. Renu Challu (from 13/05/20 to 31/10/2020)
Mr. Sujal Shah (w.e.f 30/06/2020)
Ms. Varsha Vasant Purandare (w.e.f 31/01/2021)
Mr Sewak Ram Wadhwa
Mr Urmilkumar Purushottamdas Jhaveri
Mr. R Shriraman

(d) **Company Secretary**
Mr. K Subharaman (upto 06/11/2020)
Mr. Gaurav Munoli (From 07/11/2020 to 03/02/2021)
Mr. Ritesh Chaudhry (w.e.f 03/02/2021)
Mr. Pankaj Gupta

(e) **Chief Finance Officer**
Mr. Amitabh Bhargava

The above list includes the Companies with whom the Company has entered into the transactions during the year

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Note : 41(b) Consolidated Related Party transactions

Sr. No.	Nature of Transactions	31 March 2021					31 March 2020				
		Entity with Joint Control	Key Management Personnel	Relatives of Key Management Personnel	Other related parties	Total	Entity with Joint Control	Key Management Personnel	Relatives of Key Management Personnel	Other related parties	Total
1	**Sale of goods**										
	Deepak Nitrite Limited	-	-	-	7,839	7,839	-	-	-	7,105	7,105
	Mahadhan Farm Technologies Private Limited*	-	-	-	-	-	-	-	-	548	548
	Deepak Phenolics Limited	-	-	-	-	-	-	-	-	21	21
2	**Rendering of services/reimbursement of expenses**										
	Ishanya Foundation	-	-	-	-	-	-	-	-	4	4
	Yerrowda Investments Limuted	24	-	-	-	24	-	-	-	-	-
3	**Interest on loan taken**										
	Deepak Agro Solution Ltd	-	-	-	(15)	(15)	-	-	-	(14)	(14)
	Robust Marketing Services Private Limited	-	-	-	(421)	(421)	-	-	-	-	-
	Nova synthetic limited	-	-	-	(112)	(112)	-	-	-	-	-
4	**Asset Sale**										
	Deepak Nitrite Limited	-	-		-	-	-	-		9,925	9,925
5	**Purchase of goods and services**										
	Mahadhan Farm Technologies Private Limited	-	-	-	-	-	-	-	-	(1,017)	(1,017)
	Ishanya Foundation	-	-	-	(3)	(3)	-	-	-	-	-
6	**Receiving of services/reimbursement of expenses**										
	M P Shinde	-	(20)	-	-	(20)	-	(15)	-	-	(15)
	Yerrowda Investments Limuted	-	-	-	-	-	(86)	-	-	-	(86)
7	**Donation given**										
	Ishanya Foundation	-	-	-	(128)	(128)	-	-	-	(40)	(40)
8	**Remuneration & commission (including perquisites)**										
	Mr Sailesh Chimanlal Mehta	-	(1,318)	-	-	(1,318)	-	-	-	(415)	(415)
	Mr Yeshil Mehta	-	(1,077)	-	-	(1,077)	-	-	-	(102)	(102)
	Mr Amitabh Bhargava	-	(292)	-	-	(292)	-	-	-	(316)	(316)
	Mr K Subharaman	-	(65)	-	-	(65)	-	-	-	(71)	(71)
	Mr Ritesh Choudhary	-	(10)	-	-	(10)	-	-	-	-	-
	Mr Pankaj Gupta	-	(53)	-	-	(53)	-	-	-	(44)	(44)
	Mr Gaurav Munoli	-	(5)	-	-	(5)	-	-	-	-	-
	Ms. Rajvee Sailesh Mehta	-	-	(30)	-	(30)	-	-	(26)	-	(26)
	Other directors commission	-	(292)	-	-	(292)	-	-	-	-	-

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Note : 41(b) Consolidated Related Party transactions

		31 March 2021					31 March 2020				
Sr. No.	Nature of Transactions	Entity with Joint Control	Key Management Personnel	Relatives of Key Management Personnel	Other related parties	Total	Entity with Joint Control	Key Management Personnel	Relatives of Key Management Personnel	Other related parties	Total
9	**Lease rental income**										
	Deepak Nitrite Ltd.	-	-	-	7	7	-	-	-	7	7
10	**Lease rental expenses**										
	Robust Marketing Services Private Limited	-	-	-	(99)	(99)	-	-	-	(76)	(76)
11	**Loan or Advances Taken**										
	Robust Marketing Services Private Limited	-	-	-	12,500	12,500	-	-	-	-	-
	Nova synthetic Limited	-	-	-	7,500	7,500	-	-	-	-	-
	Deepak Agro Solution Limited	-	-	-	-	-	-	-	-	265	265
12	**Loan or Advances Repaid**										
	Robust Marketing Services Private Limited	-	-	-	(12,500)	(12,500)	-	-	-	-	-
	Nova synthetic Limited	-	-	-	(7,500)	(7,500)	-	-	-	-	-
13	**Shares Alloted in Right Issue**										
	Robust Marketing Services Private Limited	-	-	-	4,917	4,917	-	-	-	3,333	3,333
	Nova synthetic Limited	-	-	-	7,562	7,562	-	-	-	-	-
14	**Purchase of equity shares of Mahadhan Farm Technologies Limited and Ishanya Brand Services Limited**										
	Mr. Sailesh Mehta	-	-	-	-	-	-	(1,385)	-	-	(1,385)
	Ms. Parul Mehta	-	-	-	-	-	-	(1)	-	-	(1)
15	**Advance paid for Equity Share of Ishanya Brand Services Limited**										
	Ms. Parul Mehta	-	-	-	-	-	-	(3)	-	-	(3)
16	**Leasehold improvements (CWIP) to Key management personnel**	-	-	-	-	-	-	541	-	-	541
17	**Amount outstanding**										
	Remunerations payable										
	Mr Sailesh Mehta	-	(679)	-	-	(679)	-	-	-	-	-
	Mr Yeshil Mehta	-	(973)	-	-	(973)	-	-	-	-	-
	Other directors commission	-	(292)	-	-	(292)	-	-	-	-	-

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Note : 41(b) Consolidated Related Party transactions

Sr. No.	Nature of Transactions	31 March 2021					31 March 2020				
		Entity with Joint Control	Key Management Personnel	Relatives of Key Management Personnel	Other related parties	Total	Entity with Joint Control	Key Management Personnel	Relatives of Key Management Personnel	Other related parties	Total
	Trade receivables										
	Deepak Nitrite Ltd.	-	-	-	1,390	1,390	-	-	-	910	910
	Yerrowda Investments Limited	8	-	-	-	8	65	-	-	-	65
	Deepak agro solution limited	-	-	-	5	5	-	-	-	-	-
	Robust Marketing Services Private Limited	-	-	-	-	-	-	-	-	3	3
	Deepak Phenolics Limited	-	-	-	-	-	-	-	-	25	25
	Deposits Receivables										
	Mr Sailesh Mehta	-	1,500	-	-	1,500	-	-	1,500	-	1,500
	Robust Marketing Services Private Limited	-	-	-	650	650	-	-	-	650	650
	Interest Payable										
	Deepak Agro Solutions Limited	-	-	-	-	-	-	-	-	(12)	(12)
	Loan Payable										
	Deepak Agro Solutions Limited	-	-	-	-	-	-	-	-	(265)	(265)
	Money received against share warrant										
	Robust Marketing Services Private Limited	-	-	-	-	-	-	-	-	(4,167)	(4,167)

Note : Figures in bracket are outflows.
Management is of the view that all transactions with related parties are in ordinary course and on an arm's length basis.
*Remuneration doesn't include sitting fees paid to non-executive directors of ₹ 132 Lakhs (31 March 2020 : ₹ 69 Lakhs). As the liability of Leave encashment and Gratuity is provided on Actuarial basis for company as a whole, the said amounts are not included above.
Note :The Company has received Corporate Guarantee from M/s Yerrowda Investments Limited (YIL) (Refer note 21 point no. 6)

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Note 42: CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	31 March 2021	31 March 2020
A. Contingent liabilities		
Claims by suppliers not acknowledged as debts*	14,519	37,645
Income Tax Demands	7,295	7,244
Excise/Service Tax/Custom Demands#	5,320	4,798
Sales Tax/ VAT Demands	11,979	6,589
Local Body Tax	2,176	2,176
Penalty on Entry Tax	1,551	1,551
Total	**42,840**	**60,003**
B. Capital Commitments		
Related to Projects	131,072	48,256
Related to Realty	551	601
C. Other Commitments*		
Other Commitment	18,824	2,038
Total	**150,447**	**50,895**

includes ₹1,881 Lakhs (31 March 2020 : ₹1,881 Lakhs) which pertains to service tax liabilities. Subsequent to the year end, the Holding Company has received a favourable order from CESTAT against which the department has not gone into appeal.

*During the year, the Holding company has received a letter of waiver from a supplier for offtake liability and consequently, the company now has to complete its purchase obligation over a period of eight years.

Note 43: Right issue of Shares

The Holding company has, issued 1,33,92,663 equity shares of face value of ₹ 10/- each ('Rights Equity Shares') to the Eligible Equity Shareholders at.an issue price of ₹ 133 per Rights Equity Share (including premium of ₹ 123 per Rights Equity Share). There is no deviation in use of proceeds from the objects stated in the Offer document for rights issue.

Following are the details of utilization of proceeds from rights issue raised on October 20, 2020

Purpose for which proceeds are used	(Amount ₹ in Lakhs)
1) Repayment of ICD received from related parties	12,500
2) Reduction of the consolidated borrowings of the Holding company by way of issuing an ICD to wholly owned Subsidiary, STL, for repayment / prepayment of portion of their outstanding indebtedness	1,500
3) General Purpose (as mentioned in the Objects Clause of Letter of Offer dated 11th September 2020)	3,623
Total	17,623

Note 44: FOREIGN CURRENCY BALANCES OUTSTANDING

	31 March 2021		31 March 2020	
	Amount in Foreign Currency Lakhs	Equivalent Amount (in Lakhs)	Amount in Foreign Currency Lakhs	Equivalent Amount (in Lakhs)
Hedged Position*				
Creditors (in USD)	884	64,607	796	60,223
Interest on borrowing (USD)	1	46	2	121
Un-hedged Position				
Creditors (in USD)	5	400	35	2,660
Creditors (in EURO)	-	41	1	109
Interest accrued (in EURO)	-	19	2	171
Creditors (in GBP)	-	1	-	-
Borrowings and interest (USD)	256	18,755	151	11,445
Exports receivable (in USD)	(13)	(1,020)	(12)	(871)
Bank Balance (in USD)#	-	-	-	(12)

less than ₹ 50,000/-

*The above transactions are hedged by following derivative contracts

Particulars	31 March 2021		31 March 2020	
	Amount in Foreign Currency Lakhs	Equivalent Amount (in Lakhs)	Amount in Foreign Currency Lakhs	Equivalent Amount (in Lakhs)
Forward Contracts -USD	297	21,676	53	4,024
Options Contracts - USD	588	42,977	745	56,320
Total	**885**	**64,653**	**798**	**60,344**

The Group has chosen to not designate the foreign exchange forward contracts and options contracts as hedges under IND AS 109 since these contracts do not meet the Hedge accounting requirements.

Unhedged Foreign Currency exposure is as under:

Particulars	Amount in foreign currency	31 March 2021	Amount in foreign currency	31 March 2020
Payables and borrowings (including interest)	261	19,216	189	14,385
Receivables and bank balances	(13)	(1,020)	12	883

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(All amounts in ₹ Lakhs unless otherwise stated)

Note 45: Impact of Hedging activities

The Holding company is exposed to commodity price risk because the prices of its purchase of Propylene vary as a result of fluctuations of the natural gas liquid. So, the Holding company has used option contract to hedge its commodity i.e natural gas liquid. This natural gas liquid consists of propane and Butane which is formula linked to the prices of propylene.

For Hedges of this commodity purchases, the Holding company entered into a Hedge relationships where the critical terms of the Hedging instrument match exactly with the terms of the Hedge item. The Holding company therefore performs a qualitative assessment of effectiveness. There was no ineffectiveness during financial year ended March 31, 2021 in relation to commodity rate hedge. The Holding company has not entered into any Cash flow Hedge contracts during financial year 2019-20.

A. Disclosure of effects of Hedge accounting on Financial position:

Type of Hedge and risk	Gross Notional amounts of Hedging instrument		Carrying amount of Hedging instrument		Maturity date	Hedge ratio	Weighted average strike price	
Cash flow Hedge- Commodity price risk	**Units**	**Quantity**	**Asset**	**Liabilities**				
Propane	MT	3000	315	-	July 31, 2021	1:4.4	USD 399	USD 351.6
Butane	MT	4500	408	-	July 31, 2021	1:4.4	USD 398	USD 352.6

B. Disclosure of effects of Hedge accounting on financial performance

Type of Hedge	Changes in the value of hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Amount recognised from Cash Flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of reclassification
Cash Flow Hedge				
Commodity rate risk	1,193	-	698	Cost of material consumed

C. Movement in cash Flow hedging reserve

Risk category	Commodity rate risk
Cash Flow Hedging reserve	
As at April 1 , 2020	-
Add: Changes in fair value of commodity hedge contracts	1,193
Less: Amount reclassified to profit or loss	698
Less: Deferred tax relating to above	124
As at March 31, 2021	370

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Note 46: INCOME TAXES

A. Components of Income Tax Expenses	31 March 2021	31 March 2020
I. Tax expense recognised in the statement of profit and loss		
Current Tax		
Current tax on profits for the year	18,672	381
Total (A)	**18,672**	**381**
Deferred tax (credit)/charge	(484)	1,026
Total (B)	**(484)**	**1,026**
Total (A+B)	**18,188**	**1,407**
II. Tax on Other Comprehensive Income		
Deferred Tax		
Loss on remeasurement of defined benefit obligations	(243)	(334)
Gain on debt instruments through other comprehensive income	107	-
Total	**(136)**	**(334)**

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate 31 March 2021 and 31 March 2020

Particulars	31 March 2021	31 March 2020
Accounting profit before tax	58,832	10,325
At India's statutory income tax rate of 25.17% (31 March 2020: 25.17%) (A)	**14,808**	**2,599**
Effects of non-deductible business expenses	(118)	392
Effect of adopting new tax rates from Taxation Laws (Amendment) Act (refer note below)	-	(520)
Long term capital profit not subjected to income tax	(131)	(1,157)
Permanent adjustment of PPE Block	(165)	-
Effect of Depreciation recharges	(231)	(150)
Impact on current and deferred tax of earlier years (Refer Note 47)	1,259	-
Deferred tax recognized on reasonable certainity	(5,652)	-
Deferred tax asset reversal on Goodwill	5,617	-
Tax rate difference	2,391	144
Reversal of earlier year tax provision	-	(103)
Others	410	202
Total (B)	**3,380**	**(1,192)**
Income Tax expense reported in the statement of profit or loss (A	**18,188**	**1,407**

During the year 2019-20, the Group except Smartchem technologies limited (wholly owned subsidiary) decided to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019 from the previous financial year, and the Holding company had reversed deferred tax liabilities amounting to Rs 520 Lakhs. Accordingly, the provision for income tax and deferred tax balances have been recorded/ remeasured using the new tax rate in 2019-20 and 2020-21.

Note 47

Pursuant to the provisions of Section 132 and 133A of the Income-tax Act, 1961, a Search Operation was conducted by the Income Tax Department during the period from 15 November 2018 to 21 November 2018.

(a) Block assessment of the Holding company is in progress, assessment orders are awaited. Management is of the view that this will not have any significant impact on the Holding company's financial position and performance as at and for the year ended 31 March 2021 and hence no provision has been recognized as at 31 March 2021.

(b) Material subsidiary company, M/s Smartchem Technologies Limited (STL) filed the application with the Income Tax Settlement Commission (ITSC) for the earlier years to conclude the final assessment and to avoid protracted and expensive litigation for these years. The applicable tax and interest paid has been provided for in the financial statements

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Deepak Fertilisers And Petrochemicals Corporation Limited
Notes to the consolidated financial statements for the year ended 31 March 2021
(All amounts in ₹ Lakhs unless otherwise stated)

Note 48 : Consolidated Segment Reporting

Sr No	PARTICULARS	CHEMICALS	FERTILISERS	REALTY	WINDMILL	COMMON	TOTAL
1	**Revenue**						
	a) **External Sales**						
	I) **Manufactured**	**265,708**	**217,054**	**786**	**253**		**483,801**
	Previous Year	*226,200*	*158,553*	1,396	*745*	-	386,894
	ii) **Traded**	**49,897**	**46,214**	**394**	-	-	**96,505**
	Previous Year	*48,155*	*32,467*	765	-	-	81,387
	b) **Inter-segment sales**	-	-	-	-	-	-
	Previous Year	-	-	-	-	-	-
	c) **Other operating income**	**144**	**399**	-	-	-	**543**
	Previous Year	*54*	*203*	-	-	-	257
	d) **Unallocated Corporate other income**	-	-	-	-	**3,267**	**3,267**
	Previous Year	-	-	-	-	*9,545*	9,545
	Total Income	**315,749**	**263,667**	**1,180**	**253**	**3,267**	**584,116**
	Previous Year	*274,409*	*191,223*	*2,161*	*745*	*9,545*	*478,083*
2	**Segment Result**	**74,439**	**19,751**	**(1,806)**	**(176)**	**3,267**	**95,475**
	Previous Year	*41,358*	3,344	*(1,428)*	*353*	*9,545*	53,172
3	**Interest**	-	-	-	-	**18,771**	**18,771**
	Previous Year	-	-	-	-	*24,293*	24,293
4	**Unallocated Corporate expenses**	-	-	-	-	**17,872**	**17,872**
	Previous Year	-	-	-	-	*18,554*	18,554
5	**Profit before share of (loss) of equity accounted investees and income tax**	-	-	-	-	-	**58,832**
	Previous Year	-	-	-	-	-	10,325
6	**Other Information**						
	a) **Segment Assets**	**393,930**	**173,032**	**21,937**	**1,423**	**124,000**	**714,322**
	Previous Year	*369,794*	203,873	*22,494*	*1,663*	*95,299*	*693,123*
	b) **Segment Liabilities**	**197,644**	**119,642**	**887**	**108**	**116,081**	**434,362**
	Previous Year	*227,400*	160,183	*3,268*	*3*	*79,878*	*470,732*
	c) **Capital Expenditure incurred during the year**	**10,456**	**6,134**	**18**	-	**1,870**	***18,478***
	Previous Year	52,844	3,266	833	-	2,633	*59,576*
	d) **Depreciation/ Amortisation**	**13,101**	**6,656**	**1,213**	**225**	-	***21,195***
	Previous Year	*10,793*	9,241	*1,094*	*224*	-	*21,353*

Segment information

1. Primary segment reporting (by business segments)

Composition of business segment

Segment	Products covered
a) Chemicals	Ammonia, Methanol, Dilute nitric acid, Concentrated nitric acid, CO2, Technical ammonium nitrate, Iso-propyl alcohol, Propane, Bulk and Speciality Chemical.
b) Bulk Fertilisers	Nitro phosphate, Mutriate of potash, Diammonium phosphateAP, Single super phosphate, Sulphur, Micronutrients, SSF, Bio Fertilisers
c) Realty	Real Estate Business
d) Windmill	Windmill Power

2 Secondary Segment Information: There are no reportable geographical segments since the Group caters mainly to needs of Indian Markets.

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Note 49

GAIL has claimed a sum of ₹ 357 crores in respect of supply of domestic natural gas for the period July 2006 to May 2014 (inclusive of interest till 2016), alleging usage for manufacture of products other than Urea. As per two contracts entered into 2006 and 2010 between the subsidiary company,Smartchem Technologies Limited (STL) and GAIL, the purchase of gas was clearly intended, supplied and utilised for industrial applications. It has been in the full knowledge of the Department of Fertilisers, Government of India that STL; as per the industrial license, since its inception was never engaged in the manufacture of Urea and the dispute was referred to Arbitration.

Claims by GAIL were divided into two parts by STL while challenging arbitration. Claim under Gas Sales and Transportation Agreement of 2006 is non-arbitrable. Similarly, the claim for the period from 2011 to 2013; are barred by limitation. Accepting STL's stand, the Arbitration Tribunal has rejected the claims of GAIL vide orders dated 05.09.2017 and 13.12.2017. Thereafter GAIL filed Arb Appeal (COMM) NO. 3/2018 challenging the order dated 05.09.2017 and OMP (COMM) No. 31/2018 before Hon'ble Delhi High Court, which dismissed both the appeals vide its order dated 20.12.2018 and upheld the order of Arbitrator.

Consequently, GAIL has preferred a Special Leave petition before the Hon'ble Supreme Court against dismissal of Arb Appeal (COMM) 3/2018 and also preferred an appeal before Divisional bench of Hon'ble Delhi High Court against dismissal of OMP (COMM) No 31/2018. Both the petitions are pending adjudication as at the reporting date.

Note 50

Entry tax liabilities have been classified as provisions (refer Note 24) during previous year.

The management based on legal advise is confident that the demand of Entry Tax to the extent of 9.5% of the purchase price of the Natural Gas is revenue neutral since full set-off is available under the MVAT Act. The Holding company, therefore, had made a provision only of 3% of the demand amount including interest. The penalty on the same had been disclosed under contingent liabilities.

Note 51

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post- employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

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(All amounts in ₹ Lakhs unless otherwise stated)

NOTE 52: Additional information pursuant to Schedule III of the Companies Act, 2013

Statement of Net Assets and Profit or Loss Attributable to Owners and Non-controlling Interests

F.Y: 2020-21

Name of Entities	Net Assets		Share in profit or loss		Other comprehensive income (OCI)		Total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated P&L	Amount	As % of consolidated OCI	Amount	As % of consolidated Total comprehensive Income	Amount
Parent								
Deepak Fertilisers and Petrochemicals Corporation Limited	72%	201,094	51%	20,899	-11%	(67)	51%	20,832
Subsidiaries								
Indian								
Smartchem Technologies Limited	101%	283,988	7%	20,041	-35%	(212)	48%	19,829
Deepak Mining Services Private Limited	0%	(49)	0%	(29)	0%	-	0%	(29)
SCM Fertichem Limited	0%	(88)	0%	(65)	0%	-	0%	(65)
Ishanya Brand Services Limited	0%	253	0%	(111)	0%	-	0%	(111)
Performance Chemiserve Limited	25%	69,979	0%	268	0%	-	1%	268
Mahadhan Farm Technologies Private Limited	0%	5	0%	118	0%	-	0%	118
Foreign								
Deepak Nitrochem Pty Limited	0%	26	0%	-	0%	-	0%	-
Platinum Blasting Services Pty Limited	2%	6,238	0%	1,077	95%	573	4%	1,650
	129%	360,352	8%	21,299	60%	361	53%	21,660
Non-controlling interests in all subsidiaries	3%	9,701	2%	613	51%	309	2%	922
Adjustment arising out of Consolidation	-104%	(291,187)	39%	(2,167)	0%	-	-5%	(2,167)
Total after elimination on account of consolidation	**100%**	**279,960**	**100%**	**40,644**	**100%**	**603**	**100%**	**41,247**

F.Y: 2019-20

Name of Entities	Net Assets		Share in profit or loss		Other comprehensive income (OCI)		Total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated P&L	Amount	As % of consolidated OCI	Amount	As % of consolidated Total comprehensive Income	Amount
Parent								
Deepak Fertilisers and Petrochemicals Corporation Limited	74%	163,814	35%	3,071	45%	(439)	33%	2,632
Subsidiaries								
Indian								
Smartchem Technologies Limited	118%	263,259	11%	938	36%	(348)	7%	590
Deepak Mining Services Private Limited	0%	(20)	0%	(5)	0%	-	0%	(5)
SCM Fertichem Limited	0%	(22)	0%	(2)	0%	-	0%	(2)
Ishanya Brand Services Limited	0%	(36)	0%	(34)	0%	-	0%	(34)
Performance Chemiserve Limited	20%	44,972	4%	317	0%	-	4%	317
Mahadhan Farm Technologies Private Limited	0%	(113)	1%	45	0%	-	1%	45
Foreign								
Deepak Nitrochem Pty Limited	0%	22	0%	(1)	0%	-	0%	(1)
Platinum Blasting Services Pty Limited	2%	4,062	3%	247	13%	(124)	2%	123
	140%	312,124	17%	1,505	48%	(472)	13%	1,033
Non-controlling interests in all subsidiaries	2%	4,313	2%	175	7%	(67)	1%	108
Adjustment arising out of Consolidation	-116%	(257,860)	47%	4,150	0%	-	52%	4,150
Total after elimination on account of consolidation	**100%**	**222,391**	**100%**	**8,901**	**100%**	**(978)**	**100%**	**7,923**

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Note 53 : Group Informations:

Particulars of subsidiaries and joint operation which have been considered in the preparation of the Consolidated Financial Statements:

	Country of incorporation	Nature of business	% Equity interest	
			31 March 2021	31 March 2020
Subsidiaries				
Direct				
Smartchem Technologies Limited	India	Manufacturing and Trading	100.00	100.00
Deepak Mining Services Private Limited	India	Services	100.00	100.00
Deepak Nitrochem Pty Limited	Australia	Services	100.00	100.00
SCM Fertichem Limited	India	Farm and Trading	100.00	100.00
Ishanya Brand Services Limited	India	Trading	100.00	74.99
Indirect				
Platinum Blasting Services Pty Limited	Australia	Services	65.00	65.00
Performance Chemiserve Limited	India	Manufacturing	88.91	85.64
Australian Mining Explosives Pty Ltd	Australia	Services	65.00	65.00
Complete Mining Solution Private Limited	India	Services	100.00	100.00
Mahadhan Farm Technologies Private Limited	India	Manufacturing and Trading	100.00	100.00
Entity with joint control				
Yerrowda Investments Limited	India	Realty	85.00	85.00

The company has not consolidated its associate, Ishanya Realty Corporation Limited in which it holds 49.99% (Rs. 5 lakhs) as it has not started its operations yet and does not have any material impact on the consolidated financial statements.

Notes 3 to 53 form an integral part of the Consolidated Financial Statements.

As per our report of even date attached

For and on behalf of Board of Directors of Deepak Fertilisers and Petrochemicals Corporation Limited

For P G BHAGWAT LLP
Chartered Accountants
Firm Registration No.: 101118W/W100682

S. C. Mehta
Chairman and Managing Director
DIN:00128204

Amitabh Bhargava
President & CFO

Abhijeet Bhagwat
Partner
Membership No.: 136835

Place: Pune
Date: May 28, 2021

P G BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

P.S. Bhattacharyya
Director
DIN : 00329479

Place: Pune
Date: May 28, 2021

Ritesh Choudhary
Vice-President and Head-Legal and Secretarial
Membership No: A19966

DEEPAK FERTILISERS AND PETROCHEMICALS CORPN. LTD.

B S R & Associates LLP

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Independent Auditors' Report

To the Members of Deepak Fertilisers and Petrochemicals Corporation Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Deepak Fertilisers and Petrochemicals Corporation Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and its joint operations, which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive loss), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint operations as at 31 March 2020, of its consolidated profit and other comprehensive loss, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group, its associates and joint operations in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Emphasis of matter

We draw attention to the following:

- note 45 to the consolidated financial statements, from the report of the other auditor in relation to Smartchem Technologies Limited, which more fully explains that the Department of Fertilisers has released the fertiliser subsidy of Rs. 31,052 Lakhs on issue of bank guarantee of an equivalent amount; and

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Deepak Fertilisers and Petrochemicals Corporation Limited
Independent Auditors' Report – 31 March 2020

Emphasis of matter *(continued)*

- note 47 to the consolidated financial statements which describes that a Search was carried out by the Income Tax Department on the Holding Company and a Subsidiary Company in November 2018. Pursuant to notice received in the last quarter of the year 2019-20, the Holding Company and a Subsidiary Company has filed revised tax returns for Assessment Years 2013-2014 to 2018-2019. The Holding Company's Management does not expect any additional liability to devolve on the Group and no provision has been recognised as at 31 March 2020. Though the Holding Company and the Subsidiary Company have not received any demand notices till date, the uncertainty in the matter remains till the proceedings are concluded.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matters

Useful lives of Property, Plant and Equipment ("PPE")
(refer note 2.3(c) and note 3 to the consolidated financial statements)

The key audit matter	How the matter was addressed in our audit
During FY 2020, the Dahej Nitric Acid Project was commissioned and property, plant and equipment additions amounting to Rs. 46,527 Lakhs were capitalized. The PPE additions above included used PPE items on which significant refurbishment costs were incurred prior to installation. The carrying value of such used PPE assets as at 31 March 2020 was Rs. 19,672 Lakhs. Evaluation of the useful life of used PPE assets is a complex matter which involved technical assessment and was subject to significant estimation uncertainty. Accordingly, we identified determination of the useful life of used PPE assets as a key audit matter. The Holding Company has appointed an external expert to assess the useful lives of used PPE assets.	Our audit procedures included the following: ➢ Evaluated the design and operating effectiveness of key internal financial controls over estimation of useful lives of used PPE assets; ➢ Compared the list of used PPE assets capitalized during FY 2020 with the assessment shared as per the Holding Company's external expert's report and the PPE additions listing; ➢ Assessed the competence, capabilities and objectivity of external expert engaged by the Holding Company; ➢ Gained an understanding of the work of the expert by evaluating their report; ➢ Used our internal specialist to evaluate the technical assessment and useful life estimation performed by the Holding Company's expert; ➢ Compared the useful lives of used PPE assets to similar used assets which were capitalized in the previous accounting periods; and ➢ Assessed the adequacy of the disclosures made by the Group relating to useful life of the used PPE assets in the consolidated financial statements.

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Deepak Fertilisers and Petrochemicals Corporation Limited
Independent Auditors' Report – 31 March 2020

Key Audit Matters ***(continued)***

Contingencies and Provisions
(refer note 42 and note 47 to the consolidated financial statements)

The key audit matter	How the matter was addressed in our audit
The Group operates in various states within India, exposing it to a variety of different Central and State laws and regulations and interpretations thereof. In this complex regulatory environment, there is a high risk of litigations and claims. The Group's tax positions have been challenged by the authorities on a range of matters. Moreover, resolution of tax and legal proceedings may span over multiple years and may involve protracted negotiations or litigation. The Group applies significant judgment in estimating the likelihood of the outcome of each case and consequently its impact on the consolidated financial statements. These estimates could change over time as new facts emerge and as each matter progresses. Accordingly, we identified Contingencies and Provisions as a key audit matter.	Our audit procedures included the following: ➢ Obtained an understanding of key internal financial controls in respect of assessment of litigations and claims relating to the relevant laws and regulations; ➢ Obtained the Group's assessment of the pending disputes including where applicable, external legal counsel opinions, developments during FY 2020 and post year-end status of litigations; ➢ Inquired with the Group's external legal counsels, where applicable, to understand the Group's assessment of the litigations and claims; ➢ Evaluated the Group's assessments by understanding precedents set in similar cases and assessed the reliability of the Group's past estimates/judgements; ➢ Performed test checks on the provision made/ contingent liabilities/ other significant litigations /disclosures made in the consolidated financial statements; ➢ Involved our experts to gain an understanding and to evaluate disputed direct and indirect tax matters and evaluate positions taken by the Group; and ➢ Assessed the adequacy of the disclosures made by the Group relating to contingencies and provisions in the consolidated financial statements.

Deepak Fertilisers and Petrochemicals Corporation Limited
Independent Auditors' Report – 31 March 2020

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the consolidated financial statements and our auditors' report thereon.

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

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

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associates and joint operations in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group and of its associates and joint operations are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its associates and joint operations are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and joint operations is responsible for overseeing the financial reporting process of each company.

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India
Chartered Accountants

Deepak Fertilisers and Petrochemicals Corporation Limited
Independent Auditors' Report – 31 March 2020

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.

- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint operations to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associates and joint operations to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

B S R & Associates LLP Chartered Accountants

Deepak Fertilisers and Petrochemicals Corporation Limited
Independent Auditors' Report – 31 March 2020

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(continued)*

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

(a) We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets (before consolidation adjustments) of Rs. 669,815 Lakhs as at 31 March 2020, total revenues (before consolidation adjustments) of Rs. 315,309 Lakhs and net cash flows amounting to Rs. 2,597 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Holding Company's Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

(b) The financial statements of 8 subsidiaries whose financial statements reflect total assets (before consolidation adjustments) of Rs. 14,995 Lakhs as at 31 March 2020, total revenues (before consolidation adjustments) of Rs. 24,805 Lakhs and net cash outflows amounting to Rs. 670 Lakhs for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. The consolidated financial statements also include the Group's share of net loss (and other comprehensive income) of Rs. 17 Lakhs for the year ended 31 March 2020, as considered in the consolidated financial statements, in respect of two associates whose financial statements have not been audited by us or by other auditors. These unaudited financial statements have been furnished to us by the Holding Company's Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries and associates, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Holding Company's Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Holding Company's Management.

Deepak Fertilisers and Petrochemicals Corporation Limited
Independent Auditors' Report – 31 March 2020

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries and associates as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive loss), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and joint operations incorporated in India, none of the directors of the Group companies, its associate companies, and joint operations incorporated in India is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, associate companies and joint operations incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and associates, as noted in the 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group, its associates and joint operations. Refer Note 42 and 47 to the consolidated financial statements.

ii. The Group, its associates and joint operations did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020.

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Chartered Accountants
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Deepak Fertilisers and Petrochemicals Corporation Limited
Independent Auditors' Report – 31 March 2020

Report on Other Legal and Regulatory Requirements *(continued)*

iii. The following are the instances of delay in transferring amounts, to the Investor Education and Protection Fund by the Holding Company incorporated in India during the year ended 31 March 2020:

Year	Type of dividend	Dividend unpaid (INR in Lacs)	Status
1997-1998	Final	0.37	Not yet transferred to Investor Education and Protection Fund due to legal dispute with regards ownership of shares which remains unresolved

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2020.

C. With respect to the matter to be included in the Auditor's report under section 197(16):

We draw attention to note 46 to the consolidated financial statements for the year ended 31 March 2020 according to which the managerial remuneration paid/ accrued to the Managing Director of the Holding Company (amounting to Rs. 389.21 Lakhs) exceeds the prescribed limits under section 197 read with Schedule V of the Companies Act, 2013 by Rs. 264.77 Lakhs. As per the provisions of the Act, the excess remuneration is subject to approval of the shareholders which the Holding Company proposes to obtain in the forthcoming Annual General Meeting.

The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Associates LLP
Chartered Accountants
Firm Registration No.: 116231W/W-100024

Raajnish

Raajnish Desai
Partner
Membership No.: 101190
UDIN: 20101190AAAABB3064

Place: Pune
Date: 30 June 2020

Annexure A to the Independent Auditors' report on the consolidated financial statements of Deepak Fertilisers and Petrochemicals Corporation Limited for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of Deepak Fertilisers and Petrochemicals Corporation Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, its associate companies and joint operations, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, its associate companies and joint operations, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

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Chartered Accountants

Annexure A to the Independent Auditors' report on the consolidated financial statements of Deepak Fertilisers and Petrochemicals Corporation Limited - 31 March 2020 *(continued)*

Auditors' Responsibility *(continued)*

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

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

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Annexure A to the Independent Auditors' report on the consolidated financial statements of Deepak Fertilisers and Petrochemicals Corporation Limited - 31 March 2020 *(continued)*

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to seven subsidiary companies, two associate companies and one joint operations which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For B S R Associates LLP
Chartered Accountants
Firm's Registration No.: 116231W/W-100024

Rajnish

Raajnish Desai
Partner
Membership No. 101190
UDIN: 20101190AAAABB3064

Place: Pune
Date: 30 June 2020

Deepak Fertilisers and Petrochemicals Corporation Limited
Consolidated Balance Sheet as at 31 March 2020
(All amounts in ₹ Lakhs unless otherwise stated)

	Notes	31 March 2020	31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	2,42,615	2,16,883
Capital work-in-progress	4	1,30,956	1,37,022
Investment property	5	3,607	511
Right of use of assets	5(a)	18,980	-
Goodwill on consolidation	5(b)	4,093	2,632
Other intangible assets	6	1,887	864
Investment in equity accounted investees	7	5	10
Financial assets			
i Investments	8	72	72
ii Loans	12	-	45
iii Other financial assets	15	4,730	3,103
Deferred tax assets (net)	26	4,589	7,353
Income tax assets (net)		12,112	9,090
Other non-current assets	16	28,924	40,680
Total non-current assets		**4,52,570**	**4,18,265**
Current assets			
Inventories	17	68,369	82,790
Investment in equity shares (held-for-sale)	9	149	614
Financial assets			
i Investments	10	1,011	24,544
ii Trade receivables	11	1,27,580	1,39,626
iii Cash and cash equivalents	13	15,757	8,874
iv Bank balances other than cash and cash equivalents	14	10,169	2,749
v Loans	12	118	129
vi Other financial assets	15	2,527	984
Other current assets	18	14,873	33,186
Total current assets		**2,40,553**	**2,93,496**
Total assets		**6,93,123**	**7,11,761**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	19	8,928	8,820
Other equity	20	2,09,150	2,00,965
Equity attributable to owners of the Company		**2,18,078**	**2,09,785**
Non controlling interest		4,313	4,377
Total equity		**2,22,391**	**2,14,162**
Liabilities			
Non-current liabilities			
Financial Liabilities			
i Borrowings	21	2,08,425	1,77,092
ii Lease liabilities	5(a)	6,784	-
iii Other financial liabilities	23	170	-
Provisions	24	5,687	4,631
Total non-current liabilities		**2,21,066**	**1,81,723**
Current liabilities			
Financial liabilities			
i Borrowings	22	71,930	1,17,591
ii Lease liabilities	5(a)	1,944	-
iii Trade payables			
(a) total outstanding dues of micro and small enterprises	25	762	307
(b) total outstanding dues of creditors other than micro and small enterprises		1,28,687	1,48,092
iv Other financial liabilities	23	33,722	35,986
Other current liabilities	27	4,476	6,296
Provisions	24	7,421	6,932
Current tax liabilities (net)		724	672
Total current liabilities		**2,49,666**	**3,15,876**
Total liabilities		**4,70,732**	**4,97,599**
Total equity and liabilities		**6,93,123**	**7,11,761**

Significant accounting policies	1 - 2
The accompanying notes form an integral part of the consolidated financial statements	3 - 50

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm Registration No.: 116231W/W-100024

Raajnish Desai
Partner
Membership No.: 101190

Place: Pune
Date: 30 June 2020

For and on behalf of Board of Directors of Deepak Fertilisers and Petrochemicals Corporation Limited

SAILESH CHIMANLAL MEHTA Digitally signed by SAILESH CHIMANLAL MEHTA Date: 2020.06.30 21:16:30 +05'30'

S. C. Mehta
Chairman and Managing Director
DIN:00128204

AMITABH BHARGAVA Digitally signed by AMITABH BHARGAVA Date: 2020.06.30 21:21:35 +05'30'

Amitabh Bhargava
President & CFO

MAHESH RAMCHAND CHHABRIA Digitally signed by MAHESH RAMCHAND CHHABRIA Date: 2020.06.30 22:03:55 +05'30'

Mahesh R Chhabria
Director
DIN : 00166049

KRISHNAN SUBHARAMAN Digitally signed by KRISHNAN SUBHARAMAN Date: 2020 06 30 21 06 23 +05'30'

K. Subharaman
EVP-Legal and Company Secretary
Membership No: FCS:4361

Place: Pune
Date: 30 June 2020

Deepak Fertilisers and Petrochemicals Corporation Limited
Consolidated Statement of Profit and Loss for the year ended 31 March 2020
(All amounts in ₹ Lakhs unless otherwise stated)

	Notes	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations	28	4,68,538	6,74,206
Other income	29	9,545	5,430
Total income		**4,78,083**	**6,79,636**
Expenses			
Cost of materials consumed	30	2,61,470	2,83,536
Purchases of stock-in- trade	31	55,471	2,51,930
Changes in inventories of finished goods and stock-in-trade	32	14,017	(6,403)
Employee benefits expense	33	30,617	27,766
Finance costs	34	24,293	22,933
Depreciation and amortisation expense	35	21,353	17,146
Other expenses (net)	36	60,537	71,444
Total expenses		**4,67,758**	**6,68,352**
Profit before share of (loss) of equity accounted investees and income tax		**10,325**	**11,284**
Share of (loss) of equity accounted investees		(17)	(305)
Profit before tax		**10,308**	**10,979**
Tax expense			
Current tax		381	1,351
Deferred tax		1,026	2,281
Total tax expense		**1,407**	**3,632**
Profit for the year		**8,901**	**7,347**
Other comprehensive income ('OCI')			
(A) *Items that will not be reclassified to profit or loss*			
Remeasurement of defined benefit obligations		(1,121)	(520)
Income tax relating to this item		334	182
Total (A)		**(787)**	**(338)**
(B) *Items that will be reclassified subsequently to profit or loss*			
Exchange differences on translation of foreign operations		(191)	(190)
Changes in fair value of investment through OCI		-	(51)
Income tax relating to this item		-	18
Total (B)		**(191)**	**(223)**
Other comprehensive loss for the year (A+B), net of tax liability		**(978)**	**(561)**
Total comprehensive income for the year		**7,923**	**6,786**
Profit for the year attributable to:			
-Owners of the Company		8,726	7,067
-Non controlling interests		175	280
Other comprehensive loss (net of tax) attributable to:			
-Owners of the Company		(911)	(519)
-Non controlling interests		(67)	(42)
Total comprehensive income for the year attributable to:			
-Owners of the Company		7,815	6,548
-Non controlling interests		108	238
Earnings per equity share of Rs 10 each			
i) Basic (in Rs)		9 83	8 01
ii) Diluted (in Rs)		9 83	8 01
Weighted average number of equity shares of Rs 10 each		8,87,41,735	8,82,04,943
Significant accounting policies	1 - 2		
The accompanying notes form an integral part of the consolidated financial statements	3 - 50		

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm Registration No : 116231W/W-100024

Raajnish
Raajnish Desai
Partner
Membership No : 101190

Place: Pune
Date: 30 June 2020

For and on behalf of Board of Directors of Deepak Fertilisers and Petrochemicals Corporation Limited

SAILESH CHIMANLAL MEHTA Digitally signed by SAILESH CHIMANLAL MEHTA Date: 2020.06.30 21:35:48 +05'30'

S. C. Mehta
Chairman and Managing Director
DIN:00128204

AMITABH BHARGAVA Digitally signed by AMITABH BHARGAVA Date: 2020.06.30 21:21:55 +05'30'

Amitabh Bhargava
President & CFO

MAHESH RAMCHAND CHHABRIA Digitally signed by MAHESH RAMCHAND CHHABRIA Date: 2020.06.30 22:04:36 +05'30'

Mahesh R Chhabria
Director
DIN : 00166049

KRISHNAN SUBHARAMAN Digitally signed by KRISHNAN SUBHARAMAN Date: 2020.06.30 21:06:06 +05'30'

K. Subharaman
EVP-Legal and Company Secretary
Membership No: FCS:4361

Place: Pune
Date: 30 June 2020

Deepak Fertilisers and Petrochemicals Corporation Limited
Consolidated Statement of Changes in Equity for the year ended 31 March 2020
(All amounts in ₹ Lakhs unless otherwise stated)

A. Equity Share Capital

	31 March 2020	31 March 2019
Balance at the beginning of the year	8,820	8,820
Changes in equity share capital during the year	108	-
Balance as at the end of the year	**8,928**	**8,820**

B. Other Equity

	Share warrants, reserves and surplus						Items of Other Comprehensive Income				
	Securities premium	Capital redemption reserve	Share warrants	Equity portion of non-current borrowings (FCCB)	General reserve	Retained earnings	Fair value through OCI	Other Items of Comprehensive Income	Total attributable to Owners of the Company	Non Controlling Interest	Total
Balance as at 1 April 2018	**10,536**	**1,950**	-	-	**17,922**	**1,65,864**	**(12)**	**(463)**	**1,95,797**	**4,033**	**1,99,830**
Profit for the year	-	-	-	-	-	7,067	-	-	7,067	280	7,347
Other comprehensive income	-	-	-	-	-	-	(33)	(528)	(561)	(42)	(603)
Exchange difference on account of issue of share	-	-	-	-	-	-	-	-	-	106	106
Total comprehensive income for the year	-	-	-	-	-	**7,067**	**(33)**	**(528)**	**6,506**	**344**	**6,850**
Issue of Share warrants	-	-	5,000	-	-	-	-	-	5,000	-	5,000
Dividend paid	-	-	-	-	-	(6,338)	-	-	(6,338)	-	(6,338)
Balance as at 1 April 2019	**10,536**	**1,950**	**5,000**	-	**17,922**	**1,66,593**	**(45)**	**(991)**	**2,00,965**	**4,377**	**2,05,342**
Profit for the year	-	-	-	-	-	8,726	-	-	8,726	175	8,901
Other comprehensive income	-	-	-	-	-	-	-	(911)	(911)	(67)	(978)
Total comprehensive income for the year	-	-	-		-	**8,726**	-	**(911)**	**7,815**	**108**	**7,923**
Issue of share capital	-	-	-	-	-	-	-	-	-	24	24
Adjustment from adoption of Ind AS 116	-	-	-	-	-	(134)	-	-	(134)	(72)	(206)
Conversion of share warrants to equity shares	3,225	-	(833)	-	-	-	-	-	2,392	-	2,392
Movement of NCI on account additional share purchase of Complete Mining Solution Private Limited	-	-	-	-	-	16	-	-	16	(16)	-
Equity portion of foreign currency convertible bonds	-	-	-	1,286	-	-	-	-	1,286	-	1,286
Dividend paid to NCI	-	-	-	-	-	-	-	-	-	(108)	(108)
Dividend paid including tax on dividend	-	-	-	-	-	(3,190)	-	-	(3,190)	-	(3,190)
Balance as at 31 March 2020	**13,761**	**1,950**	**4,167**	**1,286**	**17,922**	**1,72,011**	**(45)**	**(1,902)**	**2,09,150**	**4,313**	**2,13,463**

Note: Refer note 20 for nature and purpose of other equity

Movement in non controlling interest	31 March 2020	31 March 2019
Balance at the beginning of the year	4,377	4,033
Add: profit for the year	108	238
Add: issue of shares during the year	24	-
Add: exchange difference on account of issue of shares	-	106
Less: adjustment from adoption of Ind AS 116	(72)	-
Less: minority movement	(16)	-
Less: dividend paid	(108)	-
Balance as at the end of the year	**4,313**	**4,377**

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

For and on behalf of Board of Directors Deepak Fertilisers and Petrochemicals Corporation Limited.

SAILESH CHIMANLAL MEHTA
Digitally signed by SAILESH CHIMANLAL MEHTA
Date: 2020.06.30 21:36:01 +05'30'

AMITABH BHARGAVA
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Date: 2020.06.30 21:22:15 +05'30'

For B S R & Associates LLP
Chartered Accountants
Firm Registration No : 116231W/W-100024

S. C. Mehta
Chairman and Managing Director
DIN:00128204

Amitabh Bhargava
President & CFO

MAHESH RAMCHAND CHHABRIA
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Date: 2020.06.30 22:05:00 +05'30'

KRISHNAN SUBHARAMAN
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Date: 2020.06.30 21:05:51 +05'30'

Raajnish Desai
Partner
Membership No : 101190

Mahesh R Chhabria
Director
DIN : 00166049

K. Subharaman
EVP-Legal and Company Secretary
Membership No: FCS:4361

Place: Pune
Date: 30 June 2020

Place: Pune
Date: 30 June 2020

Deepak Fertilisers and Petrochemicals Corporation Limited
Consolidated Statement of Cash Flows for the year ended 31 March 2020
(All amounts in ₹ Lakhs unless otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019
Cash flow from operating activities		
Profit before tax as per statement of profit and loss	10,308	10,979
Adjustments for		
Depreciation and amortisation expense	21,353	17,146
(Profit)/Loss on sale of property, plant and equipment (net)	(3,516)	70
Provision for doubtful trade receivables	801	175
Gain on sale of investments	(2,907)	(2,121)
Changes in fair value of financial assets at fair value through profit or loss	89	(145)
Provision for stores and spares	303	-
Provision for capital work in progress	575	-
Unrealised loss on embedded derivative contracts	908	-
Share of loss of associates	17	305
Dividend income	-	(122)
Interest income	(1,048)	(970)
Finance costs	24,293	22,933
Foreign exchange fluctuations loss (net)	1,504	134
Cash generated from operations before working capital changes	**52,680**	**48,384**
Change in trade receivables	10,988	56,736
Change in inventories	14,118	(5,941)
Change in trade payables	(21,978)	57,501
Change in other financial liabilities	1,310	(16,232)
Change in other financial assets	(1,579)	(1,033)
Change in other non-current assets	(12,918)	(1,653)
Change in other current assets	18,313	(3,921)
Change in provisions	424	72
Change in other current liabilities	(1,820)	190
Cash generated from operations	**59,538**	**1,34,103**
Income taxes paid (net)	(1,711)	(3,102)
Net cash generated from operating activities	**57,827**	**1,31,001**
Cash flows from investing activities		
Payment for acquisition of subsidiary, net of cash acquired	(1,396)	-
Purchase of property, plant and equipment, intangible assets (including Capital work-in-progress)	(44,897)	(72,284)
Proceeds from sale of property, plant and equipment	9,812	74
Purchase of investments in mutual funds	(2,26,753)	(5,84,367)
Proceeds from sale of investments in mutual funds	2,50,826	5,99,553
Repayment of loans by employees and other loans given	30	279
Proceeds from issue of shares to non controlling interest	24	64
Proceeds from sale of investment in associate	2,820	-
Fixed deposits placed	(30,622)	(20,087)
Fixed deposits matured	23,169	18,185
Dividends received from Mutual Funds	-	122
Interest received	1,409	894
Net cash (used in) investing activities	**(15,578)**	**(57,567)**
Cash flows from financing activities		
Proceeds from borrowings - non current	23,528	32,455
Repayment of borrowings - non current	(8,239)	-
Proceeds from issue of foreign currency convertible bonds	10,549	-
Proceeds from issue of compulsory convertible debentures	10,500	
Proceeds from borrowings - current	3,14,676	(82,453)
Repayment of borrowings - current	(3,60,337)	-
Share warrants issued	-	5,000
Payment of lease payables	(1,900)	-
Proceeds of call on share capital	2,500	-
Interest paid	(23,391)	(22,647)
Dividends paid (including dividend distribution tax)	(3,157)	(6,099)
Dividends paid to non-controlling interests	(108)	-
Net cash (used in) from financing activities	**(35,379)**	**(73,744)**
Net increase / (decrease) in cash and cash equivalents	6,870	(310)
Cash and cash equivalents acquired on business combinations	13	-
Cash and cash equivalents at the beginning of the year (refer note 13)	8,874	9,184
Cash and cash equivalents at end of the year (refer note 13)	**15,757**	**8,874**

The accompanying notes form an integral part of the consolidated financial statements.

The above statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, "Statement of Cash Flows"

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm Registration No.: 116231W/W-100024

Raajnish Desai
Partner
Membership No.: 101190

Place: Pune
Date: 30 June 2020

For and on behalf of Board of Directors Deepak Fertilisers and Petrochemicals Corporation Limited

SAILESH CHIMANLAL MEHTA Digitally signed by SAILESH CHIMANLAL MEHTA Date: 2020.06.30 21:36:16 +05'30'
S. C. Mehta
Chairman and Managing Director
DIN:00128204

AMITABH BHARGAVA Digitally signed by AMITABH BHARGAVA Date: 2020.06.30 21:22:38 +05'30'
Amitabh Bhargava
President & CFO

MAHESH RAMCHAND CHHABRIA Digitally signed by MAHESH RAMCHAND CHHABRIA Date: 2020.06.30 22:05:30 +05'30'
Mahesh R Chhabria
Director
DIN : 00166049

KRISHNAN SUBHARAMAN Digitally signed by KRISHNAN SUBHARAMAN Date: 2020.06.30 21:05:25 +05'30'
K. Subharaman
EVP-Legal and Company Secretary
Membership No: FCS:4361

Place: Pune
Date: 30 June 2020

Deepak Fertilisers and Petrochemicals Corporation Limited
Notes to the consolidated financial statements for the year ended 31 March 2020

1. Corporate Information

Deepak Fertlisers and Petrochemicals Corporation Limited ("the Holding Company or the Parent Company") is a public limited company domiciled in India, with its registered office at Pune, Maharashtra, India. The Holding Company has been registered under the provisions of the Indian Companies Act and its equity shares are listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange ("BSE") in India.

The Group is engaged in the business of fertlisers, agri services, bulk chemicals, mining chemicals and value added real estate.

These consolidated financial statements of the Group as at and for the year ended on 31 March 2020 comprise the Holding Company and its subsidiaries (together referred to as "the Group") were approved for issue in accordance with the resolution of the Board of Directors on June 30, 2020.

2. Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 notified, as amended thereafter and other relevant provisions of the Act.

The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments;
- Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments); and
- Employee defined benefits plans – plan assets are measured at fair value

The consolidated financial statements are presented in Indian Rupees ("INR"), which is also the Group functional currency and all values are rounded off to the nearest Lakhs, except when otherwise indicated. Wherever, an amount is presented as INR '0' (zero) it construes value less than Rs 50,000.

2.2A Significant accounting estimates, assumptions and judgements

The preparation of the consolidated financial statements requires management to make 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 effected in future periods.

2.2A Significant accounting estimates, assumptions and judgements (continued)

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 amount of assets and liabilities within the next financial year, are described below. The Group has based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Taxes

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provisions in the period in which the tax determination is made. The assessment of probability involves estimation of a number of factors including future taxable income.

Useful lives of Property, plant and equipment ('PPE')

The Management reviews the estimated useful lives and residual value of PPE at the end of each reporting period. Factors such as changes in the expected level of usage, number of shifts of production, technological developments and product life-cycle, could significantly impact the economic useful lives and the residual values of PPE, consequently leading to a change in the future depreciation charge.

Defined benefit plans

Employee benefit obligations are determined using independent actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual results in the future. These include the determination of the discount rate, future salary increases, experience of employee departures and mortality rates. Due to the complexities involved in the valuation and its long-term nature, employee benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Provisions for Litigations and claims

From time to time, the Group is subject to legal proceedings, the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the charge/ expense can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcomes and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions are made for the changes in facts and circumstances. Contingent liabilities are disclosed in the notes forming part of the consolidated financial statements. Contingent assets are not disclosed in the consolidated financial statements unless an inflow of economic benefits is probable.

2.2A Significant accounting estimates, assumptions and judgements (continued)

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 Discounted Cash flow ("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing their fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair values of financial instruments.

Impairment of financial assets

The Group assesses impairment based on the expected credit loss ("ECL") model on trade receivables. The Group uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables.

Impairment of non-financial assets (including PPE, CWIP and intangible assets)

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates that the assets' recoverable amount. An assets' recoverable amount is the higher of an asset's 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 cashflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and it is written down to its recoverable amount. In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken in account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded entities or other available fair value indicators.

2.2B Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group. The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated balance sheet respectively.

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2.2B Principles of consolidation and equity accounting (continued)

(ii) Associates
Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

(iii) Joint Arrangements
Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint Ventures
Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

(iv) Equity Method
Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group. The carrying amount of equity accounted investments are tested for impairment.

(v) Changes in ownership interests:
The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Deepak Fertilisers and Petrochemicals Corporation Limited
Notes to the consolidated financial statements for the year ended 31 March 2020

2.2B Principles of consolidation and equity accounting (continued)

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

The details of consolidated entities are as follows:

Name of the Companies		Country of incorporation	Percentage of ownership interest
1	Smartchem Technologies Limited (STL)	India	100.00%
2	Deepak Nitrochem Pty Limited	Australia	100.00%
3	Deepak Mining Services Private Limited (DMSPL)	India	100.00%
4	Complete Mining Solution Private Limited (formerly known as Runge PincockMinarco India Private Limited) (Subsidiary of DMSPL)	India	100.00%
5	SCM Fertichem Limited	India	100.00%
6	Platinum Blasting Services Pty Limited (PBS)[Subsidiary of STL]	Australia	65.00%
7	Australian Mining Explosives Pty Limited (AME)[Subsidiary of PBS]	Australia	65.00%
8	Performance Chemiserve Limited (formerly known as Performance Chemiserve Private Limited) [Subsidiary of STL]	India	84.64%
9	Ishanya Brand Services Limited (with effect from 23 March 2020)	India	74.99% (49.99% till 22nd March 2020)
10	Mahadhan Farm Technologies Private Limited (with effect from 1 October 2019) (Subsidiary of STL)	India	100.00%

Goodwill on consolidation is measured as the excess of the sum of the consideration transferred, the amount of NCI in the acquiree, and the fair value of the acquiror's previously held equity instruments in the acquiree (if any) over the net of acquisition date fair value of identifiable net assets acquired and liabilities assumed. Profit or loss and each component of Other comprehensive income (OCI) are attributed to the equity holders of the Holding Company and to the NCI, even if this results in the NCI having a deficit balance.

The results of subsidiaries acquired or disposed off during the year are included in the consolidated financial statements from the effective date of acquisition and upto the effective date of disposal, as appropriate.

Non-controlling interests (NCI) in the net assets of the subsidiaries that are consolidated consist of the amount of equity attributable to non-controlling shareholders at the date of acquisition.

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2.3 Summary of significant accounting policies

(a) Current versus non-current classification

The Group presents assets and liabilities in the Balance Sheet based on current/ non-current classification.
An asset is treated as current when:

- It is expected to be realised or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is a cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as noncurrent.
A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

(a) Current versus non-current classification (continued)

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 realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle for the purpose of current and non-current classification of assets and liabilities.

(b) Revenue recognition

Sale of Goods:
Revenue is recognised upon transfer of control of promised goods to customers for an amount that reflects the consideration which the Group expects to receive in exchange for those goods. Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch/ delivery of goods, based on contracts with the customers. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government. Accruals for discounts/incentives and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers. Due to the short nature of credit period given to customers, there is no financing component in the contract.

Sale of Services:
Sale of services are recognised on satisfaction of performance obligation towards rendering of such services.

Interest Income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments in shares is recognised when the owner's right to receive the payment is established.

2.3 Summary of significant accounting policies (continued)

(c) Property, plant and equipment

An item of property, plant and equipment ('PPE') is recognised as an asset if it is probable that the future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. These recognition principles are applied to the costs incurred initially to acquire an item of PPE, to the pre-operative and trial run costs incurred (net of sales), if any and also to the costs incurred subsequently to add to, replace part of, or service it and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of PPE includes interest on borrowings directly attributable to the acquisition, construction or production of a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to be made ready for its intended use or sale. Borrowing costs and other directly attributable cost are added to the cost of those assets until such time as the assets are substantially ready for their intended use, which generally coincides with the commissioning date of those assets.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision is met. Machinery spares that meet the definition of PPE are capitalised and depreciated over the useful life of the principal item of an asset. All other repair and maintenance costs, including regular servicing, are recognised in the consolidated Statement of Profit and Loss as incurred. When a replacement occurs, the carrying value of the replaced part is de-recognised. Where an item of property, plant and equipment comprises major components having different useful lives, these components are accounted for as separate items.

PPE acquired and put to use for projects are capitalised and depreciation thereon is included in the project cost till the project is ready for commissioning. Depreciation on PPE (except leasehold improvements) is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. However, leasehold improvements are depreciated on a straight-line method over the shorter of their respective useful lives or the tenure of the lease arrangement. Freehold land is not depreciated. Schedule II to the Act prescribes the useful lives for various class of assets. For certain class of assets, based on technical evaluation and assessment, Management believes that the useful lives adopted by it reflect the periods over which these assets are expected to be used. Accordingly, for those assets, the useful lives estimated by the management are different from those prescribed in the Schedule. Management's estimates of the useful lives for various class of PPE are as given below:

Name of assets	Estimated useful life (in years)
Computers – Servers and Networks	3 – 6
End User Devices such as desktops and laptops	3 – 6
Vehicles	4 – 7
Buildings (other than factory buildings) with RCC frame structure	61
Plant and equipment	Various estimated lives upto 25 years. WNA III plant is depreciated at 25.88% on the WDV method
Windmill	19
Plant & machinery used for generation of power through gas	40

B S R & Associates LLP Chartered Accountants 7th, 8th Floor, Business Plaza, Westin Hotel Campus, 36/3-B, Koregaon Park Annex, Mundhwa Road, Ghorpadi Pune-411001 India

2.3 Summary of significant accounting policies (continued)

Capital work in progress (CWIP)

Projects under commissioning and other CWIP are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing cost. Subsequent expenditures relating to property, plant and equipment are capitalised only when it is probable that future economic benefit associated with these will flow to the Group and the cost of the item can be measured reliably. Advances given to acquire property, plant and equipment are recorded as non-current assets and subsequently transferred to CWIP on acquisition of related assets.

(d) Intangible assets

Intangible assets are initially recognized at cost. Following initial recognition, intangible assets with finite useful life are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the consolidated Statement of Profit and Loss in the period in which the expenditure is incurred.

The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Gains or losses arising from de-recognition 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 consolidated Statement of Profit and Loss when the asset is derecognized.

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the operating segments.

Name of intangible assets	Estimated useful life (in years)
Computer software	3 to 7
License fees	3 to 4
Technical knowhow/ engineering fees	3 to 4

(e) Bearer plant

Bearer plants are living plants used in the production or supply of agricultural produce; are expected to bear produce for more than one period; and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. Bearer plants mainly include mature and immature pomegranate plantations. Immature plantations are stated at acquisition cost which includes costs incurred for field preparation, planting, fertilising and maintenance, and an allocation of other indirect costs based on planted hectares.

2.3 Summary of significant accounting policies (continued)

(e) Bearer plant (continued)

Mature plantations are stated at acquisition cost less accumulated depreciation and impairment. Mature plantations are depreciated on a straight-line basis and over its estimated useful life of 6 years, upon commencement of commercial production.

The carrying values of bearer plants are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits. A bearer plant is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the bearer plant is included in the income statement in the year the bearer plant is derecognized.

(f) Borrowing costs

Borrowing costs that are 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, are capitalised as a part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Investment income earned on the temporary investment of specific borrowings is deducted from the borrowing costs eligible for capitalisation.

(g) Investment property

Investment properties are land and buildings that are held for long term lease rental yields and/ or for capital appreciation. Investment properties are initially recognised at cost including transaction costs. Subsequently investment properties comprising buildings are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation on buildings is provided over the estimated useful lives as specified in note (c) above. The residual values estimated useful lives and depreciation method of investment properties are reviewed, and adjusted on prospective basis as appropriate, at each reporting date. The effects of any revision are included in the consolidated Statement of Profit and Loss when the changes arise.

An investment property is de-recognised when either the investment property has been disposed of or do not meet the criteria of investment property i.e. when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated Statement of Profit and Loss in the period of de-recognition.

(h) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less cost to sell. Non-current assets classified as held for sale are not depreciated or amortised from the date when they are classified as held for sale. Non-current assets classified as held for sale are presented separately from the other assets and liabilities in the consolidated balance sheet.

2.3 Summary of significant accounting policies (continued)

(i) Foreign currency transactions and balances

The functional currency of the Group (i.e. the currency of the primary economic environment in which the Group operates) is the Indian Rupee (Rs.). On initial recognition, all foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Monetary assets and liabilities, denominated in a foreign currency, are translated at the exchange rate prevailing on the Balance Sheet date and the resultant exchange gains or losses are recognised in the consolidated Statement of Profit and Loss.

Foreign operations

Assets and liabilities of entities with functional currencies other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the Balance Sheet date. The Statement of Profit and Loss has been translated using the average exchange rates. The net impact of such translation are recognised in OCI and held in foreign currency translation reserve ('FCTR'), a component of Equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control, over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement that includes a foreign operation of which the retained interest becomes a financial asset), the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to the consolidated Statement of Profit and Loss as part of the gain or loss on disposal.

In case of a partial disposal of interests in a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to NCI and are not recognised in the consolidated Statement of Profit and Loss. For all other partial disposal (i.e. partial disposals of joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to the consolidated Statement of Profit and Loss.

(j) 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 recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

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2.3 Summary of significant accounting policies (continued)

(j) Financial instruments (continued)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the consolidated Statement of Profit and Loss. The losses arising from impairment are recognised in the consolidated Statement of Profit and Loss. This category generally applies to trade and other receivables.

Debt instrument at FVOCI

A 'debt instrument' is classified as at the FVOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and

b) The asset's contractual cash flows represent SPPI. Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified to the consolidated Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVPL

FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVPL. In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVPL category are measured at fair value with all changes recognised in the consolidated Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the consolidated Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the consolidated Statement of Profit and Loss.

2.3 Summary of significant accounting policies (continued)
(j) Financial instruments (continued)

Impairment of financial assets
The Group recognizes loss allowance using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all financial assets with contractual cash flows other than trade receivable, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECLs (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the consolidated Statement of Profit and Loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group balance sheet) when:
• The rights to receive cash flows from the asset have expired, or
• The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities
Financial liabilities are classified and measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in consolidated Statement of Profit and Loss. Any gain or loss on derecognition is also recognized in consolidated Statement of Profit and Loss.

Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2.3 Summary of significant accounting policies (continued)

(j) Financial instruments (continued)

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated Statement of Profit and Loss.

Derivative financial instruments
The Group uses various types of derivative financial instruments to hedge its currency and interest risk etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the consolidated Balance Sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Financial guarantee contracts
Financial guarantee contracts are recognised as a financial liability at the time of issuance of guarantee. The liability is initially measured at fair value and is subsequently measured at the higher of the amount of loss allowance determined, or the amount initially recognised less, the cumulative amount of income recognised.

Fair value of financial instruments
In determining the fair value of its financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value.

(k) Leases

The Group has adopted Ind AS 116 effective from 1 April 2019 using the modified retrospective approach. For the purpose of preparation of consolidated financial statements, management has evaluated the impact of change in accounting policies required due to adoption of Ind AS 116 for year ended 31 March 2020. Accordingly, the Group has not restated comparative information and there is no adjustment to opening retained earnings as at 1 April 2019, except overseas subsidiary wherein cumulative impact of applying Ind AS 116 has been recognized in equity as an adjustment to the opening balance of retained earnings for the current period.

The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a define period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets, the Group assesses whether: (i) the contact involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

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2.3 Summary of significant accounting policies (continued)

(k) Leases (continued)

As a lessee, the Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group incremental borrowing rate. For leases with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. Lease payments included in the measurement of the lease liability comprise the fixed payments, including in-substance fixed payments and lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. The Group has elected not to recognise right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Group has applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

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 fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(l) Inventories

- Raw materials, packing materials and stores and spares are valued at the lower of cost and net realisable value. Cost is determined on the basis of moving weighted average method. The aforesaid items are valued below cost if the finished products in which they are to be incorporated are expected to be sold at a loss.
- Finished goods and by-products including those held for captive consumption are valued at the lower of cost and net realisable value. Cost is determined on actual cost basis. Cost of finished goods includes taxes and duties, as applicable. Variances, exclusive of abnormally low volume and operating performance, are adjusted to inventory. Stock-in-trade is valued at lower of cost and net realisable value.
- Net realizable 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.

2.3 Summary of significant accounting policies (continued)

(m) Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the assets' recoverable amount. An assets' recoverable amount is the higher of an asset's 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 cashflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and it is written down to its recoverable amount. In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken in account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded entities or other available fair value indicators. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment loss no longer exist or has decreased. If such indication exists, the Group estimates the assets' or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the assets' 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 recognised for the asset in prior years. Such reversal is recognised in the consolidated Statement of Profit and Loss.

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive), as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated Statement of Profit and Loss. net of any reimbursements.

If the effect of 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. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

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2.3 Summary of significant accounting policies (continued)

(o) Employee benefits

Employee benefits consist of provident fund, superannuation fund, gratuity fund, compensated absences, long service awards, post-retirement medical benefits, directors' retirement obligations and family benefit scheme.

Post-employment benefit plans

Defined contribution plans
Payments to a defined contribution retirement benefit scheme for eligible employees in the form of provident fund and superannuation fund are charged as an expense as they fall due. Such benefits are classified as Defined Contribution Schemes as the Group does not carry any further obligations, apart from the contributions made.

Defined benefit plans
For defined benefit schemes in the form of gratuity fund, the cost of providing benefits is actuarially determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date. The retirement benefit obligation recognised in the consolidated balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets. The present value of the said obligation is determined by discounting the estimated future cash outflows, using market yields of government bonds of equivalent term and currency to the liability. The interest income / (expense) are calculated by applying the discount rate to the net defined benefit liability or asset. The net interest income / (expense) on the net defined benefit liability is recognised in the consolidated Statement of Profit and Loss. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling (if any), are recognised immediately in the consolidated Balance Sheet with a corresponding charge or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the consolidated Statement of Profit and Loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the consolidated Statement of Profit and Loss as past service cost.

Short-term employee benefits

The short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave and performance incentives which are expected to occur within twelve months after the end of the period in which the employee renders the related services.

The cost of compensated absences is accounted as under:
(a) In case of accumulating compensated absences, when employees render service that increase their entitlement of future compensated absences; and
(b) In case of non - accumulating compensated absence, when the absences occur.

2.3 Summary of significant accounting policies (continued)

(o) Employee benefits (continued)

Other long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability. The cost of providing benefits is actuarially determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date. Long Service Awards are recognised as a liability at the present value of the obligation at the Balance Sheet date. All gains/losses due to actuarial valuations are immediately recognised in the consolidated Statement of Profit and Loss.

(p) Derivative financial instruments

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship which is designated.

Cash flow hedges that qualify for hedge accounting: The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in 'other comprehensive income' in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated Statement of Profit and Loss. Amounts accumulated in equity are reclassified to the consolidated Statement of Profit and Loss in the periods in which the hedged item affects the profit or loss.

Derivatives that are not designated as hedges: The Group enters into certain derivative contracts to hedge foreign exchange risks which are not designated as hedges. Such derivative contracts are accounted for at each reporting date at fair value through the consolidated Statement of Profit and Loss.

(q) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

(r) Cash dividend

The Group recognizes a liability to make cash distributions to equity shareholders when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders of the Group.

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2.3 Summary of significant accounting policies (continued)

(s) Income taxes

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities in accordance with the Income Tax Act, 1961. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized outside profit and loss is recognized outside profit and loss (either in other comprehensive income 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 income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or in respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets on deductible temporary differences, the carry forward of unused tax credits and any unused tax losses are recognized to the extent that there is reasonably certainty that taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits and 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.

The carrying amount of deferred tax assets is reviewed at each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become reasonably certain 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 or 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 and loss is recognized outside profit and 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. Minimum Alternate Tax (MAT).

2.3 Summary of significant accounting policies (continued)

(s) Income taxes (continued)

Minimum Alternate Tax paid as per Indian Income Tax Act, 1961 is in the nature of unused tax credits which can be carried forward and utilized when the Group will pay normal income tax during the specified period. Deferred tax asset on such tax credit is recognized to the extent that it is probable that the unused tax credit can be utilized in the specified future period. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(t) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. For the purposes of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(u) Segment reporting

Based on the "Management approach" as defined in Ind AS 108: Operating Segments, the Chief Operating Decision Maker evaluates the Group performance and allocates resources based on an analysis of various performance indicators by business segments. Inter-segment sales and transfers are reflected at market prices.

Segment policies
The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements as a whole. Common allocable costs are allocated to each segment on an appropriate basis. Revenues, expenses, assets and liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as "unallocated revenues/expenses/ assets/ liabilities", as the case may be.

(v) Business combinations

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the consolidated statement of profit and loss, as incurred. The acquiree's indentifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date except deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements, which are recognised and measured in accordance with Ind AS 12 Income taxes and Ind AS 19 Employee benefits.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of NCI in the acquiree and the fair value of acquirer's previously held equity instrument in the acquire (if any) over the net of acquisition date fair value of identifiable net assets acquired and liabilities assumed. Where the fair values of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve.

2.3 Summary of significant accounting policies (continued)

(v) Business combinations (continued)

The interest of non-controlling shareholders is initially measured either at fair value or at the NCI's proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition by acquisition basis.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting in a contingent consideration arrangement, such contingent consideration, on the acquisition date is measured at fair value and included as a part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments, are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve as the case may be. Measurement period adjustments are adjustments that arise from additional information during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as the measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at fair value at subsequent reporting dates with the corresponding gain or loss being recognised in consolidated statement of profit and loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in consolidated Statement of Profit and Loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to consolidated Statement of Profit and Loss where such treatment would be appropriate if that interest were disposed off.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amount for the items for which the accounting is incomplete. Those provisional amount are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amount recognised at that date.

Changes in the proportion of the equity held by NCI are accounted for as equity transactions. The carrying amount of the controlling interests and NCI are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the NCI are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

The Group accounts for the common control transactions in accordance with the 'pooling of interests' method prescribed under Ind AS 103 – Business Combinations for common control transactions where all the assets and liabilities of transferor companies would be recorded at the book value as at the Appointed date.

2.3 Summary of significant accounting policies (continued)

(w) Contingent Liability and Contingent Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of economic resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

A contingent asset is not recognized unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the consolidated financial statements.

Contingent liabilities and contingent assets are reviewed at each balance sheet date.

(x) Changes in significant accounting policies

There have been no changes in accounting policies during the Financial year 2019-20, except for implementation of Ind AS 116 as described in point 2.3 (k) of accounting policies.

(y) Recent Indian Accounting Standard (Ind AS) and note on COVID-19

i) Recent accounting pronouncements which are not yet effective

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There are no such notifications which would be applicable from 1 April 2020.

ii) Note on COVID-19

In view of the lockdown across the country due to the outbreak of COVID pandemic, operations in many of the Group's locations (manufacturing, warehouses, offices, etc.) are scaled down or shut down in compliance with the directives/ orders issued by the local Panchayat/Municipal Corporation/State/Central Government authorities. International businesses are operating under local guidelines for social distancing and high hygiene standards.

As per management's current assessment, no significant impact on carrying amounts of inventories, intangible assets, trade receivables, investments and other financial assets is expected, and management will continue to monitor changes in future economic conditions. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on the date of approval of these consolidated financial statements.

(All amounts in ₹ Lakhs unless otherwise stated)

Note 3: PROPERTY, PLANT & EQUIPMENT

	Free-hold Land	Lease-hold Land	Lease-hold Improvements	Buildings	Plant and Equipment	Bearer plants	Electric Installation	Furniture and Fixtures	Office Equipment	Laboratory Equipment	Vehicles	Total
Gross carrying amount												
as at 1 April 2018	18,581	16,513	-	40,028	1,67,266	-	4,691	1,098	2,065	454	2,189	2,52,885
Additions	6,061	135	-	2,736	7,482	258	142	76	868	180	1,227	19,165
Disposals	-	-	-	(21)	(189)	-	-	(6)	(60)	-	(417)	(693)
Gross carrying amount as at 31 March 2019	**24,642**	**16,648**	**-**	**42,743**	**1,74,559**	**258**	**4,833**	**1,168**	**2,873**	**634**	**2,999**	**2,71,357**
Accumulated depreciation												
Opening accumulated depreciation	-	(330)	-	(2,898)	(31,072)	-	(1,515)	(426)	(952)	(208)	(1,101)	(38,502)
Depreciation charge for the year	-	(224)	-	(1,711)	(12,631)	(24)	(426)	(146)	(717)	(58)	(586)	(16,523)
On disposals	-	-	-	20	152	-	-	6	58	-	315	551
Accumulated depreciation as at 31 March 2019	-	(554)	-	(4,589)	(43,551)	(24)	(1,941)	(566)	(1,611)	(266)	(1,372)	(54,474)
Net carrying amount as on 31 March 2019	**24,642**	**16,094**	**-**	**38,154**	**1,31,008**	**234**	**2,892**	**602**	**1,262**	**368**	**1,627**	**2,16,883**
Gross carrying amount												
As at 1 April 2019	24,642	16,648	-	42,743	1,74,559	258	4,833	1,168	2,873	634	2,999	2,71,357
Additions	5,574	-	101	11,106	46,014	210	169	221	366	38	475	64,274
Disposals	-	-	(10)	-	(3,274)	(258)	-	-	(227)	(41)	(397)	(4,207)
Reclassified on account of adoption of Ind AS 116	-	(16,554)	-	-	-	-	-	-	-	-	-	(16,554)
Adjustment (Transfer to Investment property)*	(3,096)	-	-	-	-	-	-	-	-	-	-	(3,096)
Gross carrying amount as at 31 March 2020	**27,120**	**94**	**91**	**53,849**	**2,17,299**	**210**	**5,002**	**1,389**	**3,012**	**631**	**3,077**	**3,11,774**
Accumulated depreciation												
Opening accumulated depreciation	-	(554)	-	(4,589)	(43,551)	(24)	(1,941)	(566)	(1,611)	(266)	(1,372)	(54,474)
Depreciation charge for the year	-	-	(14)	(2,361)	(14,557)	(45)	(434)	(154)	(583)	(72)	(672)	(18,892)
On disposals	-	-	3	-	3,184	52	-	-	213	39	192	3,683
Reclassified on account of adoption of Ind AS 116	-	521	-	-	-	-	-	-	-	-	-	521
Exchange differences	-	-	-	-	(4)	-	-	-	7	-	-	3
Accumulated depreciation as at 31 March 2020	-	(33)	(11)	(6,950)	(54,928)	(17)	(2,375)	(720)	(1,974)	(299)	(1,852)	(69,159)
Net carrying amount as on 31 March 2020	**27,120**	**61**	**80**	**46,899**	**1,62,371**	**193**	**2,627**	**669**	**1,038**	**332**	**1,225**	**2,42,615**

* Freehold vacant land parcel located at Yerwada, Pune has been categorized as Investment property as per Ind AS 40, based on Management re-assessment of use of vacant land parcel as at 31 March 2020.
Refer Note 21 foot note for information on Property, plant and equipment provided as security by the Group.
Refer Note 34 for finance cost capitalized.
Refer Note 33 for salary cost capitalized.

(All amounts in ₹ Lakhs unless otherwise stated)

Note 5 (a): Leases

A. Right of use assets

Particulars	Land and Building	Furniture & fixtures	Leasehold Land	Other Equipment	Total
Gross carrying amount					
Balance as at 1 April 2019	5,351	-	-	3,966	9,317
Add: Reclassification on account of adoption of Ind AS 116	-	-	16,033	-	16,033
Add: Additions during the year	-	302	168	-	470
Less: Disposals	-	-	(5,115)	-	(5,115)
Gross carrying amount as at 31 March 2020	5,351	302	11,086	3,966	20,705
Accumulated amortization					
Balance as at 1 April 2019	-	-	-	-	-
Amortization for the year	(952)	(32)	(176)	(565)	(1,725)
Accumulated depreciation as at 31 March 2020	(952)	(32)	(176)	(565)	(1,725)
Balance as at 31 March 2020	**4,399**	**270**	**10,910**	**3,401**	**18,980**

B. Lease liabilities

Particulars	31 March 2020
Current	1,944
Non Current	6,784
Total	**8,728**

C. Interest expenses on lease liabilities

Particulars	31 March 2020
Interest on lease liabilities	793

D. Expenses on short term leases / low value assets

Particulars	31 March 2020
Short term lease	2,731
Low value assets	-

E. Amounts recognised in the statement of cash

Particulars	31 March 2020
Total cash outflow for leases	1,900

F. Maturity analysis – contractual undiscounted cash flows

Particulars	31 March 2020
Less than one year	1,991
One to five years	8,440
More than five years	1,025
Total undiscounted lease liabilities at March 31, 2020	**11,455**

The difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Group has chosen to apply the practical expedient as per the standard

The Group does not face significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The incremental borrowing rate from 9.55% p.a. to 9.65% p.a. has been applied to lease liabilities recognised in the Balance Sheet.

Operating Leases

For transition, the Group has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Group has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Group has used a single discount rate to a portfolio of leases with similar characteristics.

B S R & Associates LLP * Chartered Accountants *

Note 4: CAPITAL WORK-IN-PROGRESS

	31 March 2020	31 March 2019
Projects (Mainly comprising of building and plant and machinery)* #	1,27,196	1,30,371
Others	3,760	6,651
Total	**1,30,956**	**1,37,022**

* Includes salary cost of Rs 533 Lakhs
# Includes borrowing cost of Rs 9,562 Lakhs (31st March 2019 Rs 11,576 Lakhs)

Note 5: INVESTMENT PROPERTY

	31 March 2020	31 March 2019
Gross carrying amount		
Opening gross carrying amount	511	511
Reclassified from property, plant and equipment	3,096	-
Closing gross carrying amount	**3,607**	**511**
Accumulated depreciation		
Opening accumulated depreciation	-	-
Depreciation charge	-	-
Closing accumulated depreciation	-	-
Net carrying amount	**3,607**	**511**

(i) Fair value

	31 March 2020	31 March 2019
Investment property	9,484	1,154

a) Disclosures relating to fair valuation of investment property
Fair value of the above investment property is Rs 9,484 Lakhs (31 March 2019: Rs 1,154 Lakhs) based on external valuation

Fair value Hierarchy
The fair values of investment properties have been determined by an external, independent property valuer, having appropriate recognised professional qualifications and relevant experience in the category of the land parcel being valued The fair value measurement for the investment property has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used The investment property constitute of land parcels at Panchagini, Khamgaon, Solapur, Nashik and vacant land at Yerwada, Pune

Description of valuation technique used
The Group obtains independent valuations of its investment property after every three years as per requirement of Ind AS 40 The fair value of the investment property has been derived using the Direct Comparison Method The direct comparison approach involves a comparison of the investment property to similar properties that have actually been sold in arms-length transaction or are offered for sale in the same region This approach demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market, and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis This approach leads to a reasonable estimation of the prevailing price Given that the comparable instances are located in close proximity to the investment property; these instances have been assessed for their locational comparative advantages and disadvantages while arriving at the indicative price assessment for investment property

b) The Group has not earned any rental income on the above properties

Note 5(b): GOODWILL ON CONSOLIDATION

	31 March 2020	31 March 2019
Opening balance	2,632	2,666
Goodwill on acquisition of Mahadhan Farm Technologies Private Limited	1,541	-
Adjustment for foreign exchange (Platinum blasting services pty limited)	(80)	(34)
Total	**4,093**	**2,632**

Note 6: OTHER INTANGIBLE ASSETS

	Computer Software	Technical Know How/Engineering fees	License Fees	Total
Cost as on 1 April 2018	727	332	1,317	2,376
Additions during the year	156	-	9	165
Gross carrying amount as on 31 March 2019	**883**	**332**	**1,326**	**2,541**
Additions during the year	1,480	-	316	**1,796**
Disposals/ Adjustments	(37)	(4)	-	**(41)**
Gross carrying amount as on 31 March 2020	**2,326**	**328**	**1,642**	**4,296**
Accumulated Amortisation				
Opening as on 1 April 2018	**174**	**96**	**784**	**1,054**
Amortisation charge for the year	107	32	484	**623**
Closing accumulated amortisation as at 31 March 2019	**281**	**128**	**1,268**	**1,677**
Amortisation charge for the year	602	34	100	**736**
Disposals	(4)	-	-	**(4)**
Closing accumulated amortisation as at 31 March 2020	**879**	**162**	**1,368**	**2,409**
Net Block as at 31 March 2019	**602**	**204**	**58**	**864**
Net Block as at 31 March 2020	**1,447**	**166**	**274**	**1,887**

Deepak Fertilisers and Petrochemicals Corporation Limited
Notes to the consolidated financial statements for the year ended 31 March 2020
(All amounts in ₹ Lakhs unless otherwise stated)

Note 7: INVESTMENT IN EQUITY ACCOUNTED INVESTEES

	31 March 2020	31 March 2019
Investments in equity shares (unquoted) of Associates (fully paid up)		
49,994 (31 March 2019: 49,994) equity shares of Ishanya Realty Corporation Limited of Rs 10 each	5	5
74,995 (31 March 2019: 49,994) equity shares of Ishanya Brand Services Limited of Rs 10 each*	-	5
4,000 (31 March 2019: 4,000) equity shares of Mumbai Modern Terminal Market Complex Private Limited of Rs 10 each #	0	0
Total (equity instruments)	5	10

*with effect from 23rd March 2020 Ishanya Brand Services Limited is a subsidiary
less than Rs 50,000/-

Note 8 : INVESTMENTS

	31 March 2020	31 March 2019
Investments in equity shares of (quoted) (fully paid up)		
4,715 (31 March 2019: 4,715) Equity shares of Punjab National Bank Limited of Rs 2/- each fully paid up	3	3
Investments in equity shares of (unquoted) (fully paid up)		
88,448 (31 March 2019: 88,448) equity shares of Deepak International Limited of AUD 1 each	69	69
Total	**72**	**72**
Aggregate amount of quoted investments and market value thereof	3	3
Aggregate amount of unquoted investments	69	69

Note 9 : INVESTMENT IN ASSOCIATE (HELD-FOR-SALE)

	31 March 2020	31 March 2019
Investment in equity shares (unquoted) of Associates (fully paid up) carried at lower of cost or net realisable value		
12,70,341 (31 March 2019: 50,81,363) equity shares of Desai Fruit and Vegetables Private Limited of Rs 10 each	149	614
Total	**149**	**614**

The Company has signed Share purchase agreement with Contract Farming India A G (CFI) on 6 April 2019 to sell shares at Rs 74 per share for a total consideration of Rs 3,760 Lakhs
During the year, the Company has transferred 38,11,022 shares to Contract Farming India A G (CFI) at consideration of Rs 74 per share for total consideration of Rs 2,820 Lakhs

Note 10: CURRENT INVESTMENTS

	31 March 2020	31 March 2019
Quoted		
Investment in Government Securities (carried at fair value through OCI)	-	291
Unquoted		
Investment in mutual funds (carried at fair value through profit and loss)	1,011	24,253
Total	**1,011**	**24,544**

Note 11: TRADE RECEIVABLES

	31 March 2020	31 March 2019
Trade Receivables		
Unsecured, considered good	1,27,580	1,39,626
Unsecured, credit Impaired	2,310	1,509
Less: Impairment loss allowance	(2,310)	(1,509)
Total	**1,27,580**	**1,39,626**

Movement in allowance for expected credit loss:

	31 March 2020	31 March 2019
Balance at beginning of the year	1,509	1,344
Add: Allowance for expected credit loss	1,192	175
Less: Reversed / utilized during the year	(391)	(10)
Balance as at the end of the year	**2,310**	**1,509**

Trade receivables have been offered as security against the working capital facilities provided by the banks (Refer note 22)

Note 12: LOANS

	31 March 2020		31 March 2019	
	Current	Non Current	Current	Non Current
Unsecured, considered good				
Loan to employees	98	-	34	-
Other loans	20	-	95	45
Unsecured and considered doubtful				
Other loans	26	-	60	-
Less: Provision for doubtful loans	(26)	-	(60)	-
Total	**118**	-	**129**	**45**

Note 13: CASH & CASH EQUIVALENTS

	31 March 2020	31 March 2019
Balances with banks		
- in current accounts	12,415	6,778
- in EEFC accounts	12	49
Deposits with original maturity upto three months	3,316	552
Cash on hand	14	12
Cheques in hand	-	1,483
Total	**15,757**	**8,874**

Note 14: OTHER BANK BALANCES

	31 March 2020	31 March 2019
Earmarked balances with banks		
Unclaimed dividend	767	800
Deposits with maturity upto 12 months from the reporting date	9,402	1,949
Total	**10,169**	**2,749**

Note 15: OTHER FINANCIAL ASSETS

	31 March 2020		31 March 2019	
	Current	Non Current	Current	Non Current
(i) Derivatives not designated as hedges				
Foreign-exchange forward contracts	29	-	-	
Foreign currency options	2,016	-	8	-
(ii) Others				
Interest receivable	406	-	766	-
Deposit with banks with maturity after 12 months from the reporting date	-	76	-	76
Security deposits	26	3,140	-	2,966
Amount paid under protest for claims from supplier*	-	1,507	-	-
Others	50	7	210	61
Total	**2,527**	**4,730**	**984**	**3,103**

* Included in supplier claim (Refer note 42)

Note 16: OTHER NON-CURRENT ASSETS

	31 March 2020	31 March 2019
Capital advances	7,202	31,876
Balance with government authorities	21,707	8,764
Prepaid Expenses	15	40
Total	**28,924**	**40,680**

Note 17: INVENTORIES

	31 March 2020	31 March 2019
Raw materials ((includes Rs 6,094 Lakhs in transit) (31 March 2019 Rs 1,948 Lakhs))	22,861	25,895
Finished goods	21,650	29,842
Stock-in-trade ((includes Rs Nil in transit) (31 March 2019 Rs 1,741 Lakhs))	7,739	13,564
Stores and spares ((includes Rs 16 Lakhs in transit) (31 March 2019 Rs 178 Lakhs))	14,224	11,595
Packing material	1,895	1,894
Total	**68,369**	**82,790**

Inventories have been offered as security against the working capital facilities provided by the banks (Refer note 22).

Note 18: OTHER CURRENT ASSETS

	31 March 2020	31 March 2019
Advances for supply of goods and services	1,696	4,159
Balances with government authorities	10,467	25,110
Prepaid expenses	2,582	2,041
Other receivables	128	1,876
Total	**14,873**	**33,186**

Note 19: SHARE CAPITAL

	31 March 2020	31 March 2019
Authorised		
13,50,50,000 equity shares of Rs 10/- each (31 March 2019: 13,50,50,000 equity shares of Rs 10/- each)	13,505	13,505
	13,505	**13,505**
Issued, subscribed and fully paid-up share capital		
8,92,84,425 equity shares of Rs 10/- each (31 March 2019: 8,82,04,943 equity shares of Rs 10/- each)	8,928	8,820
Fully paid-up share capital as at year end	**8,928**	**8,820**

(All amounts in ₹ Lakhs unless otherwise stated)

(i) Reconciliation of the number of Equity Shares

	31 March 2020		31 March 2019	
Equity Shares	**No of Shares**	**Amount**	**No of Shares**	**Amount**
Balance as at the beginning and at the end of the year	8,82,04,943	8,820	8,82,04,943	8,820
Add: Issued during the year (Refer note 20(c))	10,79,482	108	-	-
	8,92,84,425	**8,928**	**8,82,04,943**	**8,820**

Terms and rights attached to equity shares

The Company has only one class of equity shares having at par value of Rs. 10 per share. Holder of each equity share is entitled to one vote per share.

The Company declares and pays dividend in Indian Rupees except in the case of overseas shareholders where dividend is paid in respective foreign currencies considering foreign exchange rate applied at the date of remittance. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the Annual General Meeting.

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

(ii) Details of shareholders holding more than 5% shares in the company

	31 March 2020		31 March 2019	
	Number of shares	**% Holding**	**Number of shares**	**% Holding**
Nova Synthetic Limited	4,27,06,848	47.83%	4,27,06,848	48.42%

Note 20: OTHER EQUITY

(ii) Nature and purpose of other equity

(a) Securities premium: Amount received in excess of face value of the equity shares is recognized in Securities Premium. The reserve is eligible for utilisation in accordance with the provisions of the 2013 Act.

(b) Capital redemption reserve: The Group had issued redeemable preference shares and as per the provisions of the Act where preference shares are redeemed out of divisible profits, an amount equal to the nominal value of shares so redeemed must be transferred to capital redemption reserve, out of divisible profits.

(c) Share Warrants : During the year, the Parent Company has issued 64,76,893 convertible warrants at an issue price of Rs. 308 per warrant each to a promoter group company. These warrants are convertible into equal number of fully paid equity shares of Rs. 10 each upon exercise of the option of conversion of warrants held by the holders within a period of 18 months from the date of allotment of warrants. Out of 64,76,893 warrants issued, 10,79,482 are converted in equity shares during the year.

(d) Equity portion of non-current borrowings (FCCB): During the year, the Holding Company has received tranche 1 subscription amount $15,000,000 during this financial year. Foreign Currency Convertible Bonds ("FCCBs") issued by the Holding Company to International Finance Corporations ("IFC") have been bifurcated into equity and liabillty components as per the principles of the Indian Accounting Standards.

(e) General reserve: This represents appropriation of profits by the Group to General Reserve and is available for distribution of dividend.

(f) Retained earnings: Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

After the reporting date, the following dividend (excluding dividend distribution tax) was proposed by the Directors subject to the approval at the Annual General Meeting; the dividends have not been recognised as a liability. Dividends would attract dividend distribution tax when declared or paid.

	31 March 2020	31 March 2019
Rs 3 per equity share (31 March 2019 : Rs 3 per equity share)	2,679	2,646

(f) Other comprehensive income : This represents equity instruments carried at fair value through OCI and remeasurement of employee benefits (gratuity & post retirement benefit).

S R B C & Associates LLP Chartered Accountants
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Deepak Fertilisers and Petrochemicals Corporation Limited
Notes to the consolidated financial statements for the year ended 31 March 2020
(All amounts in ₹ Lakhs unless otherwise stated)

Note 21: NON-CURRENT BORROWINGS

	Terms of repayment	Coupon/ Interest rate	31 March 2020	31 March 2019
Secured - at amortized cost				
Term loans				
(i) State Bank of India (refer note 1)	Repayable in 28 quarterly instalments starting from Jun 2017 onwards.	10.25% per annum	25,405	32,111
(ii) Export Import Bank Of India (Loan 1) (refer note 1)		9.60% to 9.80% per annum	5,716	7,144
(iii) Export Import Bank Of India (Loan 2) (refer note 2)	Repayable in 28 quarterly instalments starting from Jun 2020 onwards.	9.55% to 9.75% per annum	28,662	28,767
(iv) Bank of Baroda (refer note 3)	Repayable in quarterly instalment starting from March 2023	10.27% per annum	66,735	74,733
(iv) Export Import Bank Of India (Loan 3) (refer note 3)	Repayable in quarterly instalment starting from March 2023	9.97% per annum	18,346	-
(v) Bank of Baroda (refer note 4)	Repayable in quarterly instalments starting from June 2021 and end date of 31 March 2028	9.05% to 9.40% per annum	19,350	18,122
(vi) Export Import Bank Of India (Loan 4) (refer note 4)	Repayable in quarterly instalments starting from June 2021 and end date of 31 March 2028	9.35% to 9.55% per annum	22,186	21,991
(vii) Bank of Baroda (refer note 5)	Repayable in quarterly instalments starting from October 2020 and end date of April 2022	9.85% per annum	9,904	-
(ix) Term Loan - State Bank of India, Sydney (refer note 6)	Repayable from calendar year 2018 to 2022	4.55% per annum	4,605	2,752
Unsecured				
(iv) Foreign currency convertible bonds - International Finance Corporation (IFC), USA (refer note 7)		5% simple interest per annum and 1.75% compound interest per annum	9,312	-
(iv) Compulsory convertible debentures - International Finance Corporation (IFC), USA (refer note 8)		8% interest per annum (IRR - 15.25%)	10,638	-
Total			**2,20,859**	**1,85,620**
Less: Current maturities of long-term debt (included in note 23)			12,434	8,528
Total			**2,08,425**	**1,77,092**

1) The term loans from State Bank of India and Export Import Bank of India (Loan 1) have been availed for financing NPK project. The term loans are secured by pari passu first charge to be created on the entire property, plant and equipment pertaining to Nitro phosphate plant (NPK project), being all present and future immovable and movable property, plant and equipment pertaining to NPK project from Plot K1 to Plot K5., MIDC Industrial Area, Taloja, Dist. Raigad.

2) The term loan from Export Import Bank of India (Loan 2) is secured by hypothecation of movable property, plant and equipment i.e Plant and machinery located at Plot no 7 Haryana Industrial development corporation Panipat and original title deeds of Panipat land given to Export Import Bank of India. Further term loan is secured by pari passu charge to be created on the property, plant and equipment located at Plot K7, K8 MIDC Taloja.

3) The term loan from Bank of Baroda and Export Import Bank of India (Loan 3) has been availed for financing of Ammonia Project at Taloja. The term loan is secured by - first charge by way of hypothecation in favour of lenders' of all borrowers movable assets, immovable properties, and all the intangible assets in relation to the project, both present and future.

4) The term loans from Bank of Baroda (Dahej) and Export Import Bank of India (Dahej) have been availed for financing of Nitric Acid project at Dahej. The term loans are secured by pari passu charge on the land & building and hypothecation of all the present & future immovable property, plant and equipment and intangible assets pertaining to Nitric Acid project at Dahej.

5) The term loan has been availed to shore up the net working capital of the Group. The term loan is secured by exclusive charge on the immovable property situated at Yerwada Pune belonging to joint operation, M/s Yerrowda Investments Limited (YIL). Corporate Guarantee of M/s Yerrowda Investments Limited (YIL) to the extent of the value of Immovable property is offered to Bank of Baroda.

6) The term loan availed from State Bank of India, Sydney is secured by pari passu first charge on the movable and immovable property, plant and equipment of the subsidiary, second charge on current assets of subsidiary. This loan is in foreign currency.

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7) The FCCB's will be pari-passu with the senior unsecured creditors of the Holding Company. The Holding Company has received tranche 1 subscription amount $15,000,000 during this financial year. Foreign Currency Convertible Bonds ("FCCBs") issued by the Holding Company to International Finance Corporations ("IFC") have been bifurcated into equity and liability components as per the principles of the Indian Accounting Standards. The financial liability component has been measured at amortized cost in the financial statements as per Ind AS 109, Financial Instruments. The FCCBs are convertible into equity shares of the Holding Company at a predetermined price of INR 250 per share at the option of IFC and carry several rights and obligations including adherence to specific financial covenants. The shares issued upon conversion of the FCCB's will rank paripassu in all respects with the existing shares of the Holding Company. In the event of non-conversion till the end of the stipulated period, the amount raised through the issue of FCCBs is repayable in full to IFC. The FCCBs carry a coupon rate of 5% simple interest p.a., payable semi annually and 1.75% compound interest p.a., payable on redemption.

8) The Subsidiary Company (Smartchem technologies limited) has received tranche 1 subscription amount of INR 1,050,000,000 during this financial year. Compulsory Convertible Debentures ("CCD's") issued by the Subsidiary Company to International Finance Corporations ("IFC") have been shown as liability as per the principles of the Indian Accounting Standards. The financial liability component has been measured at amortized cost in the financial statements as per Ind AS 109, Financial Instruments. IFC have the right to voluntary convert the CCD's, Also, the IFC CCDs shall compulsorily convert into common equity shares at the end of 10 years from the date of investment, IFC shall be entitled to receive such number of common equity shares as per conversion formula, the fair value of which will provide IFC with an IRR of [15] % on its investment, the IFC investment carry several rights and obligations including adherence to specific financial covenants. The shares issued upon conversion of the CCD's will rank paripassu in all respects with the existing shares of the Subsidiary Company.The CCD's carry a coupon rate of 8% simple interest p.a., payable semi annually and XIRR of 15.25%.

(All amounts in ₹ Lakhs unless otherwise stated)

Note 22: CURRENT BORROWINGS

	31 March 2020	31 March 2019
Loans repayable on demand - at amortized cost		
Secured		
-Buyer's credit	-	1,609
-Short term loan	70,255	1,10,816
-Cash credit facilities	1,410	4,793
-Bill discounting	-	373
Unsecured		
-From related parties	265	-
Total	**71,930**	**1,17,591**

RECONCILIATION OF BORROWINGS

	31 March 2020	31 March 2019
Non-current borrowings	2,20,859	1,85,620
Current borrowings	71,930	1,17,591
	2,92,789	**3,03,211**
Equity portion of non-current borrowings	(1,286)	-
Deferred tax on equity portion of non-current borrowings	(432)	-
Unrealized forex Loss	481	-
Interest accrued on Compulsory convertible debentures	138	-
Proceeds from borrowings	3,59,253	1,56,968
Repayment of borrowings	(3,68,576)	(2,06,966)
Movement of borrowings (net)	**(10,422)**	**(49,998)**

i) Buyer's credits are generally due within 180 days and carry variable rate of interest (Average Interest rate for the year was NIL (31 March 2019 - 3 46 %) and are secured by a first charge by way of hypothecation of stocks of raw materials, finished goods, consumable stores and book debts

ii) Short term loan from bank is repayable on demand, carries average interest rate of 9 19 % (31 March 2019 - 8 93%) and is secured by a first charge by way of hypothecation of stock of raw materials, finished goods and consumable stores and book debts

iii) Cash credit is repayable on demand and carries variable rate of interest Average interest rate for the year is 9 50 % (31 March 2019 - 8 89%) Cash credit facilities sanctioned by banks including working capital demand loans are secured by a first charge by way of hypothecation of stocks of raw materials, finished goods, consumable stores and book debts

iv) Debtors bill discounting is availed at interest rates ranging between NIL (31 March 2019 - 8 50% to 14 00%) and is secured by hypothecation of debtors and stocks

v) Commercial paper borrowings carries variable interest rate Average rate for the year is NIL (31 March 2019 - 7 94%)

vi) Unsecured loan is availed from related party Deepak Agro Solutions Ltd and is repayable on demand

Note 23: OTHER FINANCIAL LIABILITIES

	31 March 2020	31 March 2019
Non-current		
Derivative not designated as hedge	170	-
Total	**170**	**-**
Current		
Current maturities of non-current borrowings	12,434	8,528
Interest accrued	2,004	879
Security deposits	5,872	5,308
Capital creditors	8,141	17,506
Due to related parties	19	-
Derivative not designated as hedge	-	-
Foreign-exchange forward contracts payables(net)	22	1,356
Salary payables	3,978	2,183
Others	1,252	226
Total	**33,722**	**35,986**

Note 24: PROVISIONS

	31 March 2020		31 March 2019	
	Current	Non - Current	Current	Non - Current
Provision for employee benefits				
Gratuity	1,017	3,200	858	2,219
Compensated absences	986	2,028	760	1,869
Defined pension benefits	242	32	138	89
Total (A)	**2,245**	**5,260**	**1,756**	**4,177**
Provision for tax contingencies (refer note below)	5,176	-	5,176	-
Provision for site restoration (refer note below)	-	427	-	454
Total (B)	**5,176**	**427**	**5,176**	**454**
Total (A+B)	**7,421**	**5,687**	**6,932**	**4,631**

Movement in Provisions for tax contingencies	
As at 1 April 2018	5,854
Additional provisions recognised	-
Excess amounts reversed	(678)
As at 1 April 2019	**5,176**
Additional provisions recognised	-
Excess amounts reversed	-
As at 31 March 2020	**5,176**

The provision is mainly on account of entry tax and MVAT applicable on purchase of natural gas

Movement in provision for site restoration	
As at 1 April 2018	**373**
Additional provisions recognised	81
As at 1 April 2019	**454**
Additional provisions recognised	41
Unused amounts reversed	(68)
As at 31 March 2020	**427**

The site restoration expense and decommissioning charges outflow is expected to be within a period of one to five years from date of balance sheet

(All amounts in ₹ Lakhs unless otherwise stated)

(A) Defined Contribution Plans

The Group has certain defined contribution plans such as provident fund, employee state insurance, employee pension scheme, employee superannuation fund wherein specified percentage is contributed to them During the year, the Group has contributed following amounts to:

Particulars	31 March 2020	31 March 2019
Employer's contribution to provident fund	773	690
Employer's contribution to employee's pension scheme	233	235
Employer's contribution to superannuation fund	1,057	554
Employer's contribution to employee state insurance	8	13

(B) Defined Benefit Plans
i. Gratuity

In accordance with Ind AS 19 "Employee Benefits", an actuarial valuation has been carried out in respect of gratuity The discount rate assumed is 6 40% p a (31 March 2019: 7 50% p a) which is determined by reference to market yield at the Balance Sheet date on Government bonds The retirement age has been considered at 60 years (31 March 2019: 60 years) and mortality table is as per IALM (2012-14) (31 March 2019: IALM (2012-14))

The estimates of future salary increases, considered in actuarial valuation is 8% p a (31 March 2019: 6% p a), taking into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market

The plan assets are maintained with Life Insurance Corporation of India and India First Life Insurance in respect of gratuity scheme of the Group The details of investment maintained by Life Insurance Corporation are not available with the Company, hence not disclosed The expected rate of return on plan assets is 7 50% p a (31 March 2019: 7 50% p a)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

Particulars	31 March 2020	31 March 2019
Present value of obligation at the beginning of the year	7,309	6,399
Current service cost	528	515
Interest cost	521	449
Actuarial loss	1,154	612
Benefits paid	(716)	(666)
Present value of obligation at the end of the year	8,796	7,309

Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:

Particulars	31 March 2020	31 March 2019
Present value of obligation at the end of the year	8,796	7,309
Fair value of plan assets at the end of the year	4,579	4,232
Net liabilities recognised in the balance sheet	4,217	3,077

Fair value of Plan assets :

Particulars	31 March 2020	31 March 2019
Plan assets at the beginning of the year	4,232	3,820
Interest income	33	-
Expected return on plan assets	274	229
Contribution by employer	669	684
Actual benefits paid	(685)	(501)
Actuarial gain	56	-
Plan assets at the end of the year	4,579	4,232

Expense recognised in the Statement of Profit and Loss under employee benefits expense:

Particulars	31 March 2020	31 March 2019
Current service cost	528	515
Interest cost	489	449
Expense recognised in the Statement of Profit and Loss	1,017	964

Amount recognised in the other comprehensive income:

Particulars	31 March 2020	31 March 2019
Actuarial loss on defined benefit obligation	1,154	612
Actuarial (gain)/loss on plan assets	(47)	62
Amount recognised in the Other Comprehensive Income	1,107	674

Remeasurements for the year (Actuarial (Gain) / Loss)

Particulars	31 March 2020	31 March 2019
Experience Loss on plan liabilities	231	167
Demographic Loss on plan liabilities	74	195
Financial Loss on plan liabilities	848	252
Experience (Gain) / Loss on plan assets	(47)	62

Categories of the fair value of total plan assets:

Particulars	31 March 2020	31 March 2019
Funds managed by insurer	4,579	4,232

(All amounts in ₹ Lakhs unless otherwise stated)

Sensitivity analysis :

Particulars	31 March 2020		31 March 2020	
Assumptions	Discount rate		Future salary increase	
Sensitivity level	1.00% increase	1.00% decrease	1.00% increase	1.00% decrease
Impact on defined benefit obligation (decrease)/increase	(343)	372	283	(266)

Particulars	31 March 2019		31 March 2019	
Assumptions	Discount rate		Future salary increase	
Sensitivity level	1.00% increase	1.00% decrease	1.00% increase	1.00% decrease
Impact on defined benefit	(308)	334	268	(252)

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change It is based on a change in the key assumption while holding all other assumptions constant

Maturity profile of defined benefit obligation (Gratuity) is as follows:

Particulars	31 March 2020	31 March 2019
Within the next 12 months (next annual reporting period)	2,539	1,459
Later than 1 year and not later than 5 years	5,155	4,943
Later than 5 year and not later than 9 years	5,349	5,047
Total expected payments	**13,043**	**11,449**

ii. Defined pension benefits

The Group has a Post Retirement Benefit plan, which is a defined benefit retirement plan, according to which executives superannuating from the service after ten years of service are eligible for certain benefits like medical, fuel expenses, telephone reimbursement, club membership etc for specified number of years The liability is provided for on the basis of an independent actuarial valuation

In accordance with Ind AS 19 "Employee Benefits", an actuarial valuation has been carried out in respect of post retirement benefits The discount rate assumed is 6 40% p a (31 March 2019: 7 50% p a) which is determined by reference to market yield at the Balance Sheet date on Government bonds The retirement age has been considered at 60 years (31 March 2019: 60 years) and mortality table is as per IALM (2012-14) (31 March 2019: IALM (2012-14))

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

Particulars	31 March 2020	31 March 2019
Present value of obligation at the beginning of the year	228	288
Current service cost	57	90
Interest cost	15	21
Actuarial loss	13	(154)
Benefits paid	(39)	(17)
Present value of obligation at the end of the year	274	228

Expense recognised in the Statement of Profit and Loss under employee benefits expense:

Particulars	31 March 2020	31 March 2019
Current service cost	57	90
Interest cost	15	21
Expense recognised in the Statement of Profit and Loss	72	111

Amount recognised in the other comprehensive income:

Particulars	31 March 2020	31 March 2019
Remeasurements Cost / (Credit)	14	(154)
Amount recognised in the Other Comprehensive Income	14	(154)

Sensitivity analysis :

Particulars	31 March 2020		31 March 2019	
Assumptions	Discount rate		Discount rate	
Sensitivity level	1.00% increase	1.00% decrease	1.00% increase	1.00% decrease
Impact on defined benefit	(58)	79	(48)	65

Note 25: TRADE PAYABLES

	31 March 2020	31 March 2019
Trade payables		
(a) total outstanding dues of micro and small enterprises	762	307
(b) total outstanding dues of creditors other than micro and small enterprises	1,28,687	1,48,092
Total	**1,29,449**	**1,48,399**

The amount of principal and interest outstanding during the year of micro and small enterprise is given below :

	31 March 2020	31 March 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount outstanding (whether due or not) to micro and small enterprises	762	307
- Interest due thereon	7	4
The amount of interest paid by the Group in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of payment made to the supplier beyond the appointed day during the year	2,441	1,843
Amount of interest due and payable on delayed payments	53	38
Amount of interest accrued and remaining unpaid as at year end	98	38
The amount of further interest remaining due and payable even in the succeeding year	-	-

Details of Micro and Small Enterprises as define under MSMED ACT, 2006

To comply with the requirement of The Micro, Small And Medium Enterprises Development Act, 2006, the Group requested its suppliers to confirm whether they are covered as Micro, Small or Medium enterprise as is defined in the said Act. Based on the communications received from such suppliers confirming their coverage as such enterprise, the Group has recognised them for the necessary treatment as provided under the Act, from the date of receipt of such confirmations.

Note 26: DEFERRED TAX ASSETS (NET)

The balance comprises temporary differences attributable to:	31 March 2020	31 March 2019
(a) Deferred tax assets	(58,954)	(59,103)
(b) Deferred tax liabilities	54,365	51,750
Net deferred tax assets	**(4,589)**	**(7,353)**

Movements during the year ended 31 March 2020:

	1 April 2019	Credit/(charge) in the statement of Profit and Loss	Credit/(charge) in the Other Comprehensive Income	31 March 2020
Property, plant and equipment, investment property and intangibles assets	51,750	2,615	-	54,365
Financial assets at fair value through profit or loss	(308)	(26)	(334)	(668)
Expenses allowable in the year of payment (section 43B of Income Tax Act 1961)	(2,221)	(79)	-	(2,300)
MAT credit	(4,979)	1,553	-	(3,426)
Unabsorbed depreciation loss	(30,505)	(2,249)	-	(32,754)
Deferred tax on consolidation adjustment	(20,728)	1,644	-	(19,084)
Others	(362)	(360)	-	(722)
Net deferred tax assets	**(7,353)**	**3,098**	**(334)**	**(4,589)**

Movements during the year ended 31 March 2019:

	1 April 2018	Credit/(charge) in the statement of Profit and Loss	Credit/(charge) in the Other Comprehensive Income	31 March 2019
Property, plant and equipment, investment property and intangibles assets	47,717	4,033	-	51,750
Financial assets at fair value through profit or loss	(100)	(8)	(200)	(308)
Expenses allowable in the year of payment (section 43B of Income Tax Act 1961)	(2,711)	490	-	(2,221)
MAT credit	(4,392)	(587)	-	(4,979)
Unabsorbed depreciation loss	(26,936)	(3,569)	-	(30,505)
Deferred tax on consolidation adjustment	(22,650)	1,922	-	(20,728)
Others	(362)	-	-	(362)
Net deferred tax assets	**(9,434)**	**2,281**	(200)	(7,353)

Note 27: OTHER CURRENT LIABILITIES

	31 March 2020	31 March 2019
Advances from customers	1,582	821
Unclaimed dividend (#)	767	800
Statutory dues payable	2,113	4,413
Other payables	14	262
Total	**4,476**	**6,296**

(#) Rs 90 Lakhs (31 March 2019 Rs. 71 Lakhs) transferred to the Investor Education and Protection Fund during the year. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company except for Rs. 0.37 Lakhs (31 March 2019 Rs. 0.37 Lakhs), wherein legal disputes with regards to ownership have remained unresolved.

(All amounts in ₹ Lakhs unless otherwise stated)

Note 28: REVENUE FROM OPERATIONS

	31 March 2020	31 March 2019
Sale of products		
- Finished goods	3,84,753	4,07,552
- Traded goods	81,387	2,64,201
Power generated from windmills	745	818
Revenue from realty operation	1,396	971
Other operating revenues	257	664
Total	**4,68,538**	**6,74,206**

Contracts with customers

Particulars	31 March 2020	31 March 2019
Revenue recognised from contracts with customers	4,68,538	6,74,206
Disaggregation of revenue		
Based on type of goods		
Sale of finished goods -		
(i) Sale of chemicals	2,26,200	2,54,647
(ii) Sale of fertilisers	1,58,553	1,52,905
Sale of traded goods -		
(i) Industrial Chemicals	48,155	1,88,642
(ii) Fertilisers	32,467	74,375
(iii) Value added real estate (VARE) - Sale of furniture	765	1,184
- Revenue from power generated from windmills	745	818
- Income from realty operation	1,396	971
- Other operating revenues	257	664
Impairment losses recognised on receivables or contract assets arising from an entity's contracts with customers as at 31 March 2019	2,310	1,509

Details of contract balances:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Opening balance of receivables	1,39,626	1,96,537
Closing balance of receivables	1,27,580	1,39,626

Significant changes in the contract liability balances during the year ended are as follows:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Contract liabilities at the beginning of the year	821	2,896
Revenue recognised that was included in the contract liability balance at the beginning of the year	821	2,896
Increase due to cash received, excluding amounts recognised as revenue during the year	1,582	821
Contract liabilities at the end of the year	1,582	821

There is no significant change in the contract asset and contract liabilities

Performance obligations

The Group satisfies its performance obligations pertaining to the sale of products at point in time when the control of goods is actually transferred to the customers No significant judgment is involved in evaluating when a customer obtains control of promised goods The contract is a fixed price contract subject to refund due to shortages and discounts during the mode of transportation and do not contain any financing component The payment is generally due within 30-90 days
The Group is obliged for refunds due to shortages and discounts There are no other significant obligations attached in the contract with customer

Transaction price

There is no remaining performance obligation for any contract for which revenue has been recognised till period end Further, the Group has not applied the practical expedient as specified in para 121 of Ind AS 115 as the Group do not have any performance obligations that has an original expected duration of one year or less or any revenue stream in which consideration from a customer corresponds directly with the value to the customer of the entity's performance completed to date

Determining the timing of satisfaction of performance obligations

There is no significant judgements involved in ascertaining the timing of satisfaction of performance obligations, in evaluating when a customer obtains control of promised goods, transaction price and allocation of it to the performance obligations.

Determining the transaction price and the amounts allocated to performance obligations

The transaction price ascertained for the only performance obligation of the Group (i.e. Sale of goods) is agreed in the contract with the customer. There is no variable consideration involved in the transaction price except for refund due to shortages and discounts which is adjusted with revenue.

Reconciliation of contract price with revenue recognised in statement of profit and loss:

Particulars	31 March 2020	31 March 2019
Contract price	4,97,709	7,00,259
Less:		
Amount recognised as Discounts / shortages	29,171	26,053
Revenue recognised in statement of profit and loss	**4,68,538**	**6,74,206**

Cost to obtain contract or fulfil a contract

There is no cost incurred for obtaining or fulfilling a contract and there is no closing assets recognised from the costs incurred to obtain or fulfil a contract with a customer.

Note 29: OTHER INCOME

	31 March 2020	31 March 2019
Dividend income from Mutual Fund	-	122
Interest income	1,048	970
Fair value gain on financial assets mandatorily measured at fair value through profit or loss	-	145
Net gain on sale of investments #	2,907	2,121
Gain on on disposal of property, plant and equipment #	3,566	-
Other non-operating income	2,024	2,072
Total	**9,545**	**5,430**

Other income includes profit on sale of plot of industrial leasehold land at Dahej, Gujarat as part of the strategy to divest non-core assets amounting to Rs. 3,544 lakhs and profit on sale of investment in an associate amounting to Rs. 2,372 lakhs.

Note 30: COST OF MATERIALS CONSUMED

	31 March 2020	31 March 2019
Raw materials as at the beginning of the year	25,895	25,895
Add: Purchases during the year	2,58,436	2,83,536
Less: Raw material as at the end of the year	22,861	25,895
Total	2,61,470	2,83,536

Note 31: PURCHASE OF STOCK-IN-TRADE

	31 March 2020	31 March 2019
Purchases of stock-in- trade	55,471	2,51,930
Total	55,471	2,51,930

Note 32: CHANGES IN INVENTORIES OF STOCK-IN-TRADE AND FINISHED GOODS

	31 March 2020	31 March 2019
Opening balance		
Finished goods	29,842	16,356
Stock-in-trade	13,564	20,647
Total opening balance	**43,406**	**37,003**
Closing balance		
Finished goods	21,650	29,842
Stock-in-trade	7,739	13,564
Total closing balance	**29,389**	**43,406**
(Increase)/ decrease in excise duty on stock of finished goods	14,017	(6,403)
Cost of Trial Run	-	-
Total changes in inventories of stock-in-trade and finished goods	**14,017**	**(6,403)**

Deepak Fertilisers and Petrochemicals Corporation Limited
Notes to the consolidated financial statements for the year ended 31 March 2020
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Note 33: EMPLOYEE BENEFITS EXPENSES

	31 March 2020	31 March 2019
Salaries, wages and bonus * #	26,473	24,151
Contribution to provident fund & other funds	3,092	2,476
Staff welfare expenses	1,052	1,139
Total	**30,617**	**27,766**

(#) Salary of Rs. 163 Lakhs (31 March 2019: Rs. Nil) capitalised in property, plant and equipment during the year.

Note 34: FINANCE COSTS

	31 March 2020	31 March 2019
Interest and finance charges * #	33,967	34,509
Less: Interest capitalised	(9,674)	(11,576)
Total	**24,293**	**22,933**

(*) Includes exchange differences to the extent considered as an adjustment to borrowing cost Rs. Nil (31 March 2019 Rs 792 Lakhs).

Note 35: DEPRECIATION AND AMORTISATION EXPENSE

	31 March 2020	31 March 2019
Depreciation on property, plant and equipment	18,891	16,523
Amortisation on right of use asset	1,725	-
Amortisation on intangible assets	737	623
Total	**21,353**	**17,146**

Deepak Fertilisers and Petrochemicals Corporation Limited
Notes to the consolidated financial statements for the year ended 31 March 2020
(All amounts in ₹ Lakhs unless otherwise stated)

Note 36: OTHER EXPENSES (NET)

	31 March 2020	31 March 2019
Consumption of stores and spares	7,274	6,340
Power, fuel and water*	6,188	5,805
Repairs to :		
- Building	670	937
- Plant and machinery	5,960	6,608
- Others	1,309	1,037
Rent	1,922	2,500
Insurance	1,748	1,097
Rates, taxes and duties #	1,658	1,139
Travelling and conveyance	1,128	1,194
Legal and professional fees	3,390	6,444
Payments to auditors (note 37(a) below)	81	82
Directors' sitting fees	69	87
Carriage outward (net)	16,736	24,807
Loss on disposal of property, plant and equipment	50	70
Commission on sales	381	537
Sales and promotion expenses	1,386	1,656
Donations	-	250
Utility services	1,294	1,076
Communication expenses	307	285
Corporate social responsibility expenditure (note 37(b) below)	67	103
Foreign exchange fluctuations loss (net)	4,270	2,628
Miscellaneous expenses @	4,649	6,762
Total	**60,537**	**71,444**

* net of reversal of MSEB electricity duty provision of Rs. 2,552 Lakhs (31 March 2019 : 2,061 Lakhs)
# net of reversal of provision of local body tax Rs.949 Lakhs (net of reversal of provision for penalty on entry tax 31 March 2019 : 1,063 Lakhs)
@ Miscellaneous expenses include Rs. 575 Lakhs of Provision for capital work in progress.

Note 37(a): DETAILS OF PAYMENTS TO AUDITORS

	31 March 2020	31 March 2019
Payment to auditors		
As auditor:		
Audit fee	59	61
Tax audit fee	6	3
Certification fees in the capacity of statutory auditors	11	10
In other capacities		
Taxation matters	1	1
Re-imbursement of expenses	4	7
Total	**81**	**82**

Note 37(b): CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

	31 March 2020	31 March 2019
Contributions to Ishanya Foundation	40	61
Others	27	42
Total	**67**	**103**
Amount required to be spent as per Section 135 of the Act	289	388
Amount spent during the year on		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	67	103

(All amounts in ₹ Lakhs unless otherwise stated)

Note 38: FAIR VALUE MEASUREMENTS

(i) Financial instruments by category

	31 March 2020			31 March 2019		
	Fair value through P&L	Fair value through OCI	Amortised cost	Fair value through P&L	Fair value through OCI	Amortised cost
Financial assets						
Investments						
- Investments in equity shares	3	69	-	3	69	-
- Mutual funds	1,011	-	-	24,253	-	-
- Debt and Government securities	-	-	-	-	291	-
Trade receivables	-	-	1,27,580	-	-	1,39,626
Cash and cash equivalents	-	-	15,757	-	-	8,874
Other bank balances	-	-	10,169	-	-	2,749
Loans	-	-	118	-	-	174
Other financial assets						
- Derivative financial assets, not designated as hedges	2,045	-	-	8	-	-
- Security deposits	-	-	3,166	-	-	2,966
- Interest receivable	-	-	406	-	-	766
- Others	-	-	1,641	-	-	347
Total financial assets	**3,059**	**69**	**1,58,837**	**24,264**	**360**	**1,55,502**
Financial liabilities						
Borrowings	-	-	2,92,789		-	3,03,211
Lease Liabilities	-	-	8,728			
Trade payables	-	-	1,29,449	-	-	1,48,399
Other financial liabilities						
- Derivative financial liabilities, not designated as hedges	22	-	-	1,356	-	-
- Capital creditors	-	-	8,141	-	-	17,506
- Security deposits	-	-	5,872	-	-	5,308
- Interest accrued	-	-	2,004	-	-	879
- Derivative not designated as hedge	908	-	-	-	-	-
- Others	-	-	4,511	-	-	2,409
Total financial liabilities	**930**	-	**4,51,494**	**1,356**	-	**4,77,712**

(ii) Fair value hierarchy

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required) :

The different levels have been defined as follows:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level-1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Financial assets and liabilities measured at fair value	31 March 2020				31 March 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Investments at FVPL								
Equity instruments	3	-	69	72	3	-	69	72
Mutual funds	1,011	-	-	1,011	24,253	-	-	24,253
Financial Investments at FVOCI								
Debts & Government Securities	-	-	-	-	291	-	-	291
Derivatives not designated as hedges								
Foreign exchange forward contracts/options	-	2,045	-	2,045	-	8	-	8
Total financial assets	**1,014**	**2,045**	**69**	**3,128**	**24,547**	**8**	**69**	**24,624**
Financial liabilities								
Derivatives								
Foreign exchange forward contracts/option contracts	-	22	-	22	-	1,356	-	1,356
Embedded derivative	-	908	-	908	-	-	-	-
Total financial liabilities	-	**930**	-	**930**	-	**1,356**	-	**1,356**

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2020 and 31 March 2019

(iii) Valuation technique to determine fair value

The following methods and assumptions were used to estimate the fair values of financial instruments:

a) The Group assessed that fair value of cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

b) The investments measured at fair value and falling under fair value hierarchy Level 3 are valued on basis of valuation reports provided by external valuers with the exception of certain investments, where cost has been considered as an appropriate estimate of fair value because of wide range of possible fair value measurements and cost represents the best estimate of fair values within that ranges.

c) The fair values of investments in mutual fund units is based on the net asset value (NAV) as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuers will issue further units of mutual fund and the price at which issuers will redeem such units from investors.

d) The Group enters into derivative financial instruments with various counterparties, principally banks. The fair value of derivative financial instrument is based on observable market inputs including currency spot and forward rate, yield curves, currency volatility, credit quality of counterparties, interest rate and forward rate curves of the underlying instruments etc. and use of appropriate valuation models.

B S R & Associates LLP * Chartered Accountants *

Note 39: FINANCIAL RISK MANAGEMENT

Risk management framework

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group, through three layers of defence namely policies and procedures, review mechanism and assurance aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit committee of the Board with top management oversee the formulation and implementation of the Risk management policies. The risk are identified at business unit level and mitigation plans are identified, deliberated and reviewed at appropriate forums.

The Group has exposure to the following risks arising from financial instruments:
- credit risk;
- liquidity risk; and
- market risk.

i. Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, loans, investments and balances with banks.
The carrying amount of financial assets represents the maximum credit risk exposure.

Trade receivables and other financial assets

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and business intelligence. Sale limits are established for each customer and reviewed annually. Any sales exceeding those limits require approval from the appropriate authority as per policy.
In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a institutional, dealers or end-user customer, their geographic location, industry, trade history with the Group and existence of previous financial difficulties.
There is no substantial concentration of credit risk as the revenue and trade receivables from any of the single customer do not exceed 10% of Group revenue.

Expected credit loss for trade receivables:

The Group based on internal assessment which is driven by the historical experience/ current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is considered low. The Group estimates its allowance for trade receivable using lifetime expected credit loss. The balance past due for more than 6 month (net of expected credit loss allowance), Rs.1,009 Lakhs (31 March 2019: Rs.4,770 Lakhs). There is no concentration of credit risk in trade receivables either at 31 March 2020 or 31 March 2019.

Movement in the expected credit loss allowance of trade receivables are as follows:

	31 March 2020	31 March 2019
Balance at the beginning of the year	1,509	1,334
Add: Provided during the year (net of reversal)	1,192	175
Less: Amount written off	(391)	-
Balance at the end of the year	2,310	1,509

Expected credit loss on financial assets other than trade receivables:

With regards to all financial assets with contractual cash flows other than trade receivable, Group believes these to be high quality assets with negligible credit risk. The Group believes that the parties from which these financial assets are recoverable, have strong capacity to meet the obligations and hence the risk of default is negligible and accordingly there are no significant provisions for expected credit loss on these balance financial assets.

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ii. Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's treasury department is responsible for managing the short term and long term liquidity requirements. Short term liquidity situation is reviewed daily by treasury. Longer term liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

31 March 2020	Carrying Amount	Payable within 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivatives financial liabilities					
Borrowings	2,92,789	87,422	1,19,270	86,097	2,92,789
Lease Liabilities	8,728	1,944	6,784	-	8,728
Trade payables	72,101	72,101	-	-	72,101
Interest accrued	1,883	1,883	-	-	1,883
Security deposits	5,872	5,872	-	-	5,872
Embedded derivative	360	190	170	-	360
Capital creditors	5,266	5,266	-	-	5,266
Foreign exchange forward contracts	22	22	-	-	22
Other financial liabilities	5,059	5,059	-	-	5,059
Total non-derivative liabilities	**3,92,080**	**1,79,759**	**1,26,224**	**86,097**	**3,92,080**
Derivatives financial liabilities					
Interest accrued	121	121	-	-	121
Capital creditors	2,875	2,875	-	-	2,875
Trade payables	57,348	57,348	-	-	57,348
Total derivative liabilities	**60,344**	**60,344**	-	-	**60,344**

31 March 2019	Carrying Amount	Payable within 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	3,01,602	1,22,561	58,941	1,20,100	3,01,602
Trade payables	87,633	87,633	-	-	87,633
Other financial liabilities	26,102	26,102	-	-	26,102
Total non-derivative liabilities	**4,15,337**	**2,36,296**	**58,941**	**1,20,100**	**4,15,337**
Derivatives financial liabilities					
Foreign exchange contract used for hedging	1,356	1,356	-	-	1,356
- Borrowings	1,609	1,609	-	-	1,609
- Trade payables	60,766	60,766	-	-	60,766
Total derivative liabilities	**63,731**	**63,731**	-	-	**63,731**

Deepak Fertilisers And Petrochemicals Corporation Limited
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iii. Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the functional currency of the Group. The currencies in which the Group is exposed to risk are USD, AED and EUR.

The Group follows a natural hedge driven currency risk mitigation policy to the extent possible. Any residual risk is evaluated and appropriate risk mitigating steps are taken, including but not limited to, entering into forward contracts.

Exposure to currency risk

(i) The Group's exposure to foreign currency risk at the end of the reporting period is presented in Note no 43.

FOREIGN CURRENCY BALANCES OUTSTANDING

	AED in Lakhs	USD in Lakhs	EUR in Lakhs
Assets			
Exports Receivable			
31 March 2020	-	12	-
31 March 2019	-	17	-
Liabilities			
Trade Payable			
31 March 2020	-	984	1
31 March 2019	270	985	6
Net (payable)/receivable in Foreign Currency Lakhs			
31 March 2020	**-**	**(973)**	**(1)**
31 March 2019	**(270)**	**(968)**	**(6)**

(ii) The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and forward contracts.

	Impact on profit after tax	
	31 March 2020	31 March 2019
USD sensitivity		
Rs/USD -appreciated by 1% (31 March 2019-1%)	736	669
Rs/USD -depreciated by 1% (31 March 2019-1%)	(736)	(669)
AED sensitivity		
Rs/AED -appreciated by 1% (31 March 2019-1%)	-	51
Rs/AED -depreciated by 1% (31 March 2019-1%)	-	(51)
EUR sensitivity		
Rs/EUR-appreciated by 1% (31 March 2019-1%)	1	5
Rs/EUR-appreciated by 1% (31 March 2019-1%)	(1)	(5)

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Group are principally denominated in rupees and US dollars with a mix of fixed and floating rates of interest. The Group has exposure to interest rate risk, arising principally on changes in base lending rate and LIBOR rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

Exposure to interest rate risk

The following table provides a break-up of the Group's fixed and floating rate borrowings:

	31 March 2020	31 March 2019
Variable rate borrowings	1,25,158	1,15,296
Fixed rate borrowings	1,67,631	1,87,915
Total borrowings	**2,92,789**	**3,03,211**

The Company has not obtained Interest Rate Swaps (IRS) for variable rate borrowings.

(ii) Sensitivity
The sensitivity analysis below has been determined based on the exposure to interest rates for floating rate liabilities assuming the amount of the liability outstanding at the year-end was outstanding for the whole year.
If interest rates had been 50 basis points higher / lower and all other variables were held constant, the Group's profit for the year ended 31 March 2020 would decrease / increase by Rs. 626 Lakhs (for the year ended 31 March 2019: decrease / increase by Rs. 576 Lakhs). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

Note 40 : Capital Management
(a) Risk Management
The Group's objectives when managing capital are to:
- safeguard its ability to continue as a going concern, so that its can continue to provide returns for its shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.
Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents and other bank balances) and divided by Total 'equity' (as shown in the Balance Sheet).

The gearing ratios were as follows:

	31 March 2020	31 March 2019
Net debt	2,66,863	2,91,588
Total equity	2,22,391	2,14,162
Net debt to equity ratio	**1.20**	**1.36**

(b) Dividends

Particulars	31 March 2020	31 March 2019
(i) Equity shares		
Final dividend for the year ended 31 March 2019 of Rs.3 per fully paid equity share (31 March 2018 of Rs. 6 per fully paid equity share)	2,646	5,292
(ii) Dividend not recognised at the end of the reporting period	**2,646**	**5,292**
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of Rs.3 per fully paid equity share (31 March 2019 : Rs.3 per fully paid equity share). The proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	2,679	2,646

Note 41 (a) : Names Of The Related Parties And Relationships

A Significant influence over the entity

1 Nova Synthetic Limited

B Entity with joint control

1 Yerrowda Investments Limited

C Associates

1 Ishanya Brand Services Limited (for the period upto 22nd March 2020)
2 Ishanya Realty Corporation Limited
3 Mumbai Modern Terminal Complex Private Limited
4 Desai Fruits Venture Private Limited (formerly known as Desai Fruits and Vegetables Private Limited) (for the period upto 18th July 2019)

D Key management personnel

(a) **Executive directors**

Mr. Sailesh Mehta
Mr. Yeshil Mehta

(b) **Non-executive directors**

Ms. Parul Mehta
Mr. Madhumilan Shinde
Dr. Tapan Chatterjee
Mr. Ashok Shah
Mr. Rahgunath Kelkar
Mr. Amitabh Bhargava
Mr. K Subharaman

(c) **Non-executive Independent directors**

Mr. Berjis Desai
Mr. Ashok Purwaha
Mr. Mahesh Chhabria
Mr. Pranay Vakil
Mr. Anil Singhvi (upto 19th April 2019)
Mr. Alok Perti (from 22nd April 2019)
Dr. Amit Biswas (from 22nd April 2019)
Mr. Partha Bhattacharyya
Mr. Bhuwan Tripathi (from13th Feb 2020)
Mr. Sewak Wadhwa
Mr. Urmilkumar Jhaveri
Mr. R. Sriraman

(d) **Company Secretary**

Mr K Subharaman
Mr. Pankaj Gupta

(e) **Chief Finance Officer**

Mr. Amitabh Bhargava

(f) **Relatives of key management personnel**

Ms. Rajvee Mehta

E Other related parties

1 Ishanya Foundation
2 Robust Marketing Services Private Limited
3 Mahadhan Farm Technologies Private Limited (subsidiary with effect from 1 October 2019)
4 Deepak Nitrite Limited
5 Deepak Phenolics Limited
6 Deepak Agro Solution Ltd

The above list includes the Companies with whom the Company has entered into the transactions during the year.

DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION LIMITED
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Note : 41(b) Consolidated Related Party transactions

		31 March 2020									
Sr. No.	Nature of Transactions	Entity with joint control	Key Management Personnel	Relatives of Key Management Personnel	Other related parties	Total	Entity with joint control	Key Management Personnel	Relatives of Key Management Personnel	Other related parties	Total
1	**Sale of goods**										
	Mahadhan Farm Technologies Private Limited*	-	-	-	548	548	-	-	-	1,303	1,303
	Deepak Nitrite Limited	-	-	-	7,105	7,105	-	-	-	8,970	8,970
	Deepak Phenolics Limited	-	-	-	21	21	-	-	-	-	-
2	**Rendering of services/reimbursement of expenses**										
	Ishanya Foundation	-	-	-	4	4	-	-	-	4	4
3	**Purchase of goods and services**										
	Mahadhan Farm Technologies Limited*	-	-	-	(1,017)	(1,017)	-	-	-	(1,902)	(1,902)
4	**Interest expense on loan taken**										
	Deepak Agro Solution Ltd	-	-	-	(14)	(14)	-	-	-	-	-
5	**Receiving of services/reimbursement of expenses**										
	Yerrowda Investments Limited	(86)	-	-	-	(86)	(31)	-	-	-	(31)
	Crawford Bailey & Co	-	-	-	-	-	-	-	-	(9)	(9)
	Mr. M P Shinde	-	(15)	-	-	(15)	-	(18)	-	-	(18)
	Ishanya Foundation	-	-	-	(1)	(1)	-	-	-	(1)	(1)
6	**Asset Sale**										
	Deepak Nitrite Limited	-	-	-	9,925	9,925	-	-	-	-	-
7	**Donation given**										
	Ishanya Foundation	-	-	-	(40)	(40)	-	-	-	(41)	(41)
8	**Remuneration (including perquisites)****										
	Mr Sailesh Mehta	-	(415)	-	-	(415)	-	(398)	-	-	(398)
	Mr.Yeshil Mehta	-	(102)	-	-	(102)	-	(81)	-	-	(81)
	Mr. Amitabh Bhargava	-	(316)	-	-	(316)	-	(189)	-	-	(189)
	Mr. Debashish Banerjee	-	-	-	-	-	-	(3)	-	-	(3)
	Mr. K Subharaman	-	(71)	-	-	(71)	-	(70)	-	-	(70)
	Mr. Mandar Velankar	-	-	-	-	-	-	(3)	-	-	(3)
	Mr. Pankaj Gupta	-	(44)	-	-	(44)	-	(40)	-	-	(40)
	Ms. Rajvee Sailesh Mehta	-	-	(26)	-	(26)	-	-	(14)	-	(14)
9	**Lease rental expenses**										
	Deepak Nitrite Ltd.	-	-	-	(7)	(7)	-	-	-	-	-
	Robust Marketing Services Private Limited	-	-	-	(76)	(76)	-	-	-	(66)	(66)
10	**Deposits for Renting of Premises**										
	Mr Sailesh Chimanlal Mehta	-	-	-	-	-	-	(1,300)	-	-	(1,300)
11	**Allotment of Equity Shares**										
	Robust Marketing Services Private Limited	-	-	-	3,333	3,333	-	-	-	-	-
12	**Loan or Advances Taken**										
	Deepak Agro Solution limited	-	-	-	265	265	-	-	-	-	-

Note : 41(b) Consolidated Related Party transactions

		31 March 2020									
Sr. No.	**Nature of Transactions**	**Entity with joint control**	**Key Management Personnel**	**Relatives of Key Management Personnel**	**Other related parties**	**Total**	**Entity with joint control**	**Key Management Personnel**	**Relatives of Key Management Personnel**	**Other related parties**	**Total**
13	**Purchase of equity shares of Mahadhan Farm Technologies Limited and Ishanya Brand Services Limited**										
	Mr. Sailesh Mehta	-	(1,385)	-	-	(1,385)	-	-	-	-	-
	Ms.Parul Mehta	-	(1)	-	-	(1)	-	-	-	-	-
14	**Advance paid for Equity Share of Ishanya Brand Services Limited**										
	Ms. Parul Mehta	-	(3)	-	-	(3)	-	-	-	-	-
	Mr. Yeshil Mehta	-	-	(0)	-	(0)	-	-	-	-	-
	Ms. Rajvee Mehta	-	-	(0)	-	(0)	-	-	-	-	-
15	**Leasehold improvements (CWIP) to Key management personnel**	-	541	-	-	541	-	78	-	-	78
15	**Amount outstanding**										
	Trade payables										
	Yerrowda Investments Limited	-	-	-	-	-	(21)	-	-	-	(21)
	Mr. M P Shinde	-	-	-	-	-	-	(1)	-	-	(1)
	Deposit Receivables										
	Mr Sailesh Mehta	-	1,500	-	-	1,500	-	1,500	-	-	1,500
	Robust Marketing Services Private Limited	-	-	-	650	650	-	-	-	650	650
	Trade receivables										
	Deepak Nitrite Ltd	-	-	-	910	910	-	-	-	1,397	1,397
	Robust Marketing Services Private Limited	-	-	-	3	3	-	-	-	-	-
	Yerrowda Investments Limited	65	-		-	65	-	-	-	-	-
	Deepak Phenolics Ltd.	-	-	-	25	25	-	-	-	-	-
	Interest Payable										
	Deepak Agro Solution Ltd.	-	-	-	(12)	(12)	-	-	-	-	-
	Loan Payable										
	Deepak Agro Solution Ltd	-	-	-	(265)	(265)	-	-	-	-	-
	Money received against share warrant										
	Robust Marketing Services Private Limited	-	-	-	(4,167)	(4,167)	-	-	-	(5,000)	(5,000)

Note : Figures in bracket are outflows.
Management is of the view that all transactions with related parties are in ordinary course and on an arm's length basis
* Mahadhan Farm Technologies Private Limited (subsidiary with effect from 1 October 2019)
**Remuneration doesn't include sitting fees paid to non-executive directors of Rs. 69 Lakhs (31 March 2019 : Rs. 79 Lakhs)
Note :Corporate Guarantee received from M/s Yerrowda Investments Limited (YIL) (Refer note 21 point no 5)

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Note 42: CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	31 March 2020	31 March 2019
A. Contingent liabilities		
Claims by suppliers not acknowledged as debts	37,645	16,606
Income Tax Demands (Also refer note 47 for Search and Seizure)	7,244	7,514
Excise/Service Tax/Custom Demands #	4,798	5,694
Sales Tax/ VAT Demands	6,589	6,608
Local Body Tax	2,176	1,193
Penalty on Entry Tax	1,551	1,551
Total	**60,003**	**39,166**
B. Capital Commitments		
Related to Projects	48,256	76,146
Related to Realty	2,639	4,353
Total	**50,895**	**80,499**

includes Rs.1,881 Lakhs (31 March 2019 : Rs.1,881 Lakhs) which pertains to service tax liabilities.

Note 43: FOREIGN CURRENCY BALANCES OUTSTANDING

	31 March 2020		31 March 2019	
	Amount in Foreign Currency Lakhs*	Equivalent Amount (in Lakhs)	Amount in Foreign Currency Lakhs*	Equivalent Amount (in Lakhs)
Hedged Position				
Creditors (in USD)	796	60,223	879	60,766
Interest on borrowing (USD)	2	121	-	-
Buyers Credit (in USD)	-	-	23	1,609
Un-hedged Position				
Creditors (in USD)	35	2,660	83	5,743
Creditors (in AED)	-	-	270	5,071
Creditors (in EURO)	1	109	6	464
Interest accrued ((in EURO)	2	171	-	-
Borrowings and interest (USD)	151	11,445	-	-
Exports receivables (in USD)	12	871	17	1,176
Bank Balance (in USD)	0	12	-	-

*The above transactions are hedged by following derivative contracts

	31 March 2020		31 March 2019	
Particulars	**Amount in Foreign Currency**	**Equivalent Amount (in Lakhs)**	**Amount in Foreign Currency Lakhs**	**Equivalent Amount (in Lakhs)**
Forward Contracts -USD	53	4,024	173	11,944
Options Contracts - USD	745	56,320	729	50,431
Total	**798**	**60,344**	**902**	**62,375**

The Group has chosen to not designate the foreign exchange forward contracts and options contracts as hedges under IND AS 109 since these contracts do not meet the hedge accounting requirements.

Unhedged Foreign Currency exposure is as under

Particulars	31 March 2020	31 March 2019
Payables and borrowings (including interest)	14,385	11,278
Receivables and bank balances	883	1,176

Note 44: INCOME TAXES

A. Components of Income Tax Expenses	31 March 2020	31 March 2019
I. Tax expense recognised in the statement of profit and loss		
Current tax		
Current tax on profits for the year	381	1,351
Total (A)	**381**	**1,351**
Deferred tax	1,026	2,281
Total (B)	**1,026**	**2,281**
Total (A+B)	**1,407**	**3,632**
II. Tax on Other Comprehensive Income		
Deferred tax		
Loss on remeasurement of net defined benefit plans	334	182
Loss on debt instruments through other comprehensive income	-	18
Total	**334**	**200**

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate 31 March 2020 and 31 March 2019

Particulars	31 March 2020	31 March 2019
Accounting Profit before share of (loss) of equity accounted investees and income tax	10,325	11,284
At India's statutory income tax rate of 25.17% (31 March 2019: 34.944%) (A)	**2,599**	**3,943**
Effects of income not subject to tax		
- Profit from power generation division	-	(182)
- Dividend income	-	(36)
Effects of non-deductible business expenses	392	261
Effect of adopting new tax rates from Taxation Laws (Amendment) Act (refer note below)	(520)	-
Long term capital profit not subjected to income tax	(1,157)	-
Reversal of earlier year tax provision	(103)	79
Others	196	(433)
Total (B)	**(1,192)**	**(311)**
Income Tax expense reported in the statement of profit or loss (A+B)	**1,407**	**3,632**

During the year, the Group except Smartchem technologies limited (wholly owned subsidiary) decided to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019 from the current financial year, and the Company had reversed deferred tax liabilities amounting to Rs 520 Lakhs Accordingly, the provision for income tax and deferred tax balances have been recorded/ remeasured using the new tax rate

Note 45

The Department of Fertilisers (DoF), Ministry of Chemicals and Fertilisers, had withheld subsidy, due to the Group in accordance with applicable Nutrient Based Subsidy (NBS) scheme of Government of India, alleging undue gain arising to the Group on account of supply of cheap domestic gas since challenged by the Group before the Honourable High Court of Bombay Based on the directive of the Honourable Court, DoF agreed to release subsidy withheld except a sum of Rs 31,052 Lakhs pending final decision, which has been released during the month of January 2018 against a bank guarantee of equal amount

Note 46

During the current year, the managerial remuneration (based only on fixed component of salary) paid by the Holding Company to its Chairman and Managing Director is in excess of the limits laid down under section 197 read with Schedule V of the Companies Act, 2013 by Rs 264 77 Lakhs The Holding Company is in the process of obtaining approval from its shareholders at the forthcoming Annual General Meeting for such excess remuneration paid

Note 47

A Search and Seizure Operation was conducted by the Income Tax Department during the period from 15 November 2018 to 21 November 2018 under section 132 and 133A of the Income-tax Act, 1961 During the current year, the Holding Company and Subsidiary Company received notices under Section 153A of the Income tax Act, 1961 and have filed revised Income tax returns for Assessment Years 2013-2014 to 2018-2019 in response to the notices The Holding Company and Subsidiary Company have also not till date received any demand notices in relation to the Search and Seizure The Group is of the view that the Operation will not have any significant impact on the Group's financial position and performance as at and for the year ended 31 March 2020 and hence no provision has been recognised as at 31 March 2020

Note 48

Statutory dues payable of Rs 5,176 Lakhs have been classified as provisions (refer Note 24) Consequently, previous year comparative amounts of statutory dues payables of Rs 5,176 Lakhs which were classified under other current liabilities have been regrouped under provisions

Deepak Fertilisers And Petrochemicals Corporation Limited
Notes to the consolidated financial statements for the year ended 31 March 2020
(All amounts in ₹ Lakhs unless otherwise stated)

Note 49 : Consolidated Segment Reporting

Sr No	Particulars	Chemicals	Fertilisers	Realty	Others	Common	Total
1	**Revenue**						
	a) **External Sales**						
	Manufactured	**2,26,308**	**1,58,445**	**1,396**	**745**	-	**3,86,894**
	Previous Year	*2,54,711*	*1,52,839*	971	*818*	-	4,09,339
	Traded	***48,155***	***32,467***	**765**	-	-	**81,387**
	Previous Year	*1,88,643*	*74,375*	1,184	-	-	2,64,202
	b) **Inter-segment sales**	-	-	-	-	-	-
	Previous Year	-	-	-	-	-	-
	c) **Other operating income**	**54**	**203**	-	-	-	**257**
	Previous Year	*599*	*66*	-	-	-	665
	d) **Unallocated Corporate other income**	-	-	-	-	**9,545**	**9,545**
	Previous Year	-	-	-	-	*5,430*	5,430
	Total Revenue	**2,74,517**	**1,91,115**	**2,161**	**745**	**9,545**	**4,78,083**
	Previous Year	*4,43,953*	*2,27,280*	*2,155*	*818*	*5,430*	*6,79,636*
2	**Segment Result**	**41,358**	**3,344**	**(1,428)**	**353**	**9,545**	**53,172**
	Previous Year	*51,725*	(3,886)	*(1,572)*	*421*	*5,430*	52,118
3	**Interest**	-	-	-	-	**24,293**	**24,293**
	Previous Year	-	-	-	-	22,933	22,933
3	**Unallocated Corporate expenses**	-	-	-	-	**18,554**	**18,554**
	Previous Year	-	-	-	-	17,901	17,901
4	**Profit before share of (loss) of equity accounted investees and income tax**	-	-	-	-	-	**10,325**
	Previous Year	-	-	-	-	-	11,284
5	**Other Information**						
	a) **Segment Assets**	**3,84,462**	**2,03,873**	**23,065**	**1,663**	**80,060**	**6,93,123**
	Previous Year	*3,36,640*	*2,28,313*	*21,884*	*1,960*	*1,22,964*	*7,11,761*
	b) **Segment Liabilities**	**2,62,886**	**1,80,133**	**3,268**	**3**	**24,442**	**4,70,732**
	Previous Year	*2,74,867*	*2,01,311*	*2,406*	*3*	*19,012*	*4,97,599*
	c) **Capital Expenditure incurred during the year**	**52,844**	**3,266**	**833**	-	**2,633**	**59,576**
	Previous Year	*35,406*	*10,932*	-	-	*3,815*	*50,153*
	d) **Depreciation/ Amortisation**	**10,839**	**5,217**	**1,093**	***225***	**3,979**	***21,353***
	Previous Year	*8,355*	*4,839*	*1,053*	*225*	*2,674*	*17,146*

Segment information

1. Primary segment reporting (by business segments)

Composition of business segment

Segment	Products covered
a) Chemicals	Ammonia, Methanol, Dilute nitric acid, Concentrated nitric acid, CO2, Technical ammonium nitrate, Iso-propyl alcohol, Propane, Bulk and Speciality Chemical
b) Bulk Fertilisers	Nitro phosphate, Mutriate of potash, Diammonium phosphateAP, Ammonium Sulphate, Mixtures, Single super phosphate, Sulphur, Micronutrients, SSF, Bio Fertilisers, Fruits, Vegetables, Pesticides
c) Realty	Real Estate Business
d) Others	Windmill Power

2 Secondary Segment Information: There are no reportable geographical segments since the Group caters mainly to needs of Indian Markets

Deepak Fertilisers And Petrochemicals Corporation Limited
Notes to the consolidated financial statements for the year ended 31 March 2020
(All amounts in ₹ Lakhs unless otherwise stated)

Note 50 : Group Informations:
Particulars of subsidiaries, joint control and associates which have been considered in the preparation of the Consolidated Financial Statements:

	Country of incorporation	Nature of business	% Equity interest	
			31 March 2020	31 March 2019
Subsidiaries				
Direct				
Smartchem Technologies Limited	India	Manufacturing and Trading	100.00	100.00
Deepak Mining Services Private Limited	India	Services	100.00	100.00
Deepak Nitrochem Pty Limited	Australia	Services	100.00	100.00
SCM Fertichem Limited	India	Farm and Trading	100.00	100.00
Ishanya Brand Services Limited	India	Trading	74.99	49.99
Indirect				
Platinum Blasting Services Pty Limited	Australia	Services	65.00	65.00
Performance Chemiserve Limited	India	Manufacturing	85.64	85.64
Australian Mining Explosives Pty Ltd	Australia	Services	65.00	65.00
Complete Mining Solution Private Limited	India	Services	100.00	51.00
Mahadhan Farm Technologies Private Limited	India	Manufacturing and Trading	100.00	-
Entity with joint control				
Yerrowda Investments Limited	India	Realty	85.00	85.00
Promoter Group				
Nova Synthetic Limited	India		47.83	48.42

Notes 3 to 50 form an integral part of the Consolidated Financial Statements.

Deepak Fertilisers and Petrochemicals Corporation Limited

Consolidated financial statements together with Independent Auditors' Report for the year ended 31 March 2019

Deepak Fertilisers and Petrochemicals Corporation Limited

Independent Auditors' Report – 31 March 2019 *(continued)*

Other Matters (continued)

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Group's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Group's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Group and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries, associates and joint operations as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 1 April 2019 except for one director whose written representation has been received on 1 April 2018, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and joint operations incorporated in India, none of the directors of the Group companies, its associate companies, and joint operations incorporated in India is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

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Deepak Fertilisers and Petrochemicals Corporation Limited

Consolidated financial statements together with Independent Auditors' Report

for the year ended 31 March 2019

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INDEPENDENT AUDITORS' REPORT

To the Members of Deepak Fertilisers and Petrochemicals Corporation Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Deepak Fertilisers and Petrochemicals Corporation Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint operations, which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries, associates and joint operations as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint operations as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

1. We draw attention to Note 47 to the consolidated financial statements, relating to managerial remuneration paid/ accrued by the Holding Company for the financial year ended 31 March 2019 which exceeds the limits prescribed under Section 197 of the Companies Act, 2013 by Rs. 249 Lakhs, and hence, is subject to the approval of the shareholders in the General Meeting. Our opinion is not modified in respect of this matter.
2. We draw attention to Note 46 to the consolidated financial statements which more fully explains that the Department of Fertilisers has released the fertiliser subsidy of Rs. 31,000 Lakhs based on issue of bank guarantee of an equivalent amount.

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B S R & Associates (a partnership firm with Registration No. BA69226) converted into B S R & Associates LLP (a Limited Liability, Partnership with LLP Registration No. AAB-8182) with effect from October 14, 2013

Registered Office: 5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai - 400 011

Deepak Fertilisers and Petrochemicals Corporation Limited

Independent Auditors' Report – 31 March 2019 *(continued)*

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Contingent liabilities and provisions (refer Note 42 and Note 48 to the consolidated financial statements)

The Key Audit Matter	How the matter was addressed in our audit
The Group operates in various states within India, exposing it to a variety of different Central and State laws, regulations and interpretations thereof. In this complex regulatory environment, there is a risk of litigations and claims. Consequently, provisions and contingent liability disclosures may arise from direct and indirect tax proceedings, legal proceedings, including regulatory and other government/ department proceedings, as well as investigations by authorities and commercial claims. At 31 March 2019, the Group's contingent liabilities are disclosed in note 42 and note 48 to the consolidated financial statements. Management applies significant judgment in estimating the likelihood of the future outcome in each case when considering whether, and how much to provide or in determining the required disclosure for the potential exposure of each matter. This is due to the highly complex nature and magnitude of the legal matters involved along with the fact that resolution of tax and legal proceedings may span over multiple years, and may involve protracted negotiation or litigation. Management recognises a provision when it has a present obligation as a result of part events and it is probable that an outflow of resources embodying economic benefits will be required to settle obligation. A contingent liability is recognised if there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.	Our audit procedures on contingent liabilities and provisions included the following: • Obtained the outstanding litigations list as compared to the previous year. Enquired and obtained explanations for movement in litigations during the year. • Inquired with management regarding the status of significant litigations and claims including obtaining legal teams views on the likely outcome of each litigation and claim and the magnitude of potential exposure. • Examined the Group's legal expenses and read the minutes of Board meetings, to evaluate the completeness of list of the open litigations. • Read the latest correspondences between the Company and tax/ legal authorities and reviewed legal opinions obtained by management, where applicable, for significant matters and considered the same in evaluating the appropriateness of the Company's provisions or disclosures on such matters. • With respect to tax matters, we involved tax specialists to evaluate the significant cases and the technical grounds for Management's conclusions on provisions or disclosure of contingent liabilities. • For non-tax matters, we evaluated Management's decisions and rationale for provisions established or disclosures made for contingent liabilities.

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Deepak Fertilisers and Petrochemicals Corporation Limited

Independent Auditors' Report – 31 March 2019 *(continued)*

Key Audit Matters (continued)

Contingent liabilities and provisions (continued)

The Key Audit Matter	How the matter was addressed in our audit
These estimates could change substantially over time as new facts emerge and as each legal case progresses. Given the inherent complexity and magnitude of potential exposures and the judgment necessary to estimate the amount of provisions required or to determine required disclosures, this is a key audit matter.	

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associates and joint operations in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and joint operations are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group and of its associates and joint operations are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Deepak Fertilisers and Petrochemicals Corporation Limited

Independent Auditors' Report – 31 March 2019 *(continued)*

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements (continued)

The respective Board of Directors of the companies included in the Group and of its associates and joint operations is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (company and subsidiaries) as well as associates and joint operations to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Deepak Fertilisers and Petrochemicals Corporation Limited

Independent Auditors' Report – 31 March 2019 *(continued)*

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associates and joint operations to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

(a) We did not audit the financial statements of eight subsidiaries (including step-down subsidiaries), whose financial statements reflect total assets of Rs. 706,790 Lakhs as at 31 March 2019, total revenues of Rs. 395,292 Lakhs and net cash inflows amounting to Rs. 280 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of Rs. 305 Lakhs for the year ended 31 March 2019, in respect of one associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and an associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, and an associate is based solely on the audit reports of the other auditors.

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Deepak Fertilisers and Petrochemicals Corporation Limited

Independent Auditors' Report – 31 March 2019 *(continued)*

Report on Other Legal and Regulatory Requirements (continued)

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, associate companies and joint operations incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, associates and joint operations, as noted in the 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group, its associates and joint operations. Refer Note 42 to the consolidated financial statements.

ii. The Group, its associates and joint operations did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2019.

iii. The following is the instance of delay in transferring amounts, to the Investor Education and Protection Fund by the Holding Company:

Year	Type of dividend	Dividend unpaid (INR in Lakhs)	Status
1997-1998	Final	0.37	Not yet transferred to Investor Education and Protection Fund due to legal dispute with regards ownership of shares which remains unresolved

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

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Chartered Accountants

Deepak Fertilisers and Petrochemicals Corporation Limited

Independent Auditors' Report – 31 March 2019 *(continued)*

Report on Other Legal and Regulatory Requirements (continued)

C. With respect to the matter to be included in the Auditors' Report under Section 197 (16) of the Act, we report that:

   i. We draw attention to note 47 to the consolidated financial statements, relating to Managerial Remuneration paid/ accrued by the Holding Company for the financial year ended 31 March 2019 which exceeds the limits prescribed under Section 197 of the Companies Act, 2013 by Rs. 249 Lakhs, and hence, is subject to the approval of the shareholders in the General Meeting. Our opinion is not modified in respect of this matter; and

   ii. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Associates LLP
Chartered Accountants
Firm Registration No.: 116231W/W-100024

Raajnish

Raajnish Desai
Partner
Membership No.: 101190

Place: Pune
Date: 30 May 2019

Annexure A to the Independent Auditors' report on the consolidated financial statements of Deepak Fertilisers and Petrochemicals Corporation Limited for the year ended 31 March 2019

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of Deepak Fertilisers and Petrochemicals Corporation Limited ("the Holding Company") as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, associate companies and joint operations as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, associate companies and joint operations have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

B S R & Associates LLP ★ Chartered Accountants ★ 7th, 8th Floor, Business Plaza, Westin Hotel Campus 36/3-B, Koregaon Park Annex, Mundhwa Road, Ghorpadi Pune-411001 India

Annexure A to the Independent Auditors' report on the consolidated financial statements of Deepak Fertilisers and Petrochemicals Corporation Limited (continued) - 31 March 2019

Auditors' Responsibility (continued)

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies, associate companies and joint operations in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

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

Annexure A to the Independent Auditors' report on the consolidated financial statements of Deepak Fertilisers and Petrochemicals Corporation Limited (continued) - 31 March 2019

Other Matter

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to 5 subsidiary companies, 4 associate companies and 1 joint operations which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For B S R & Associates LLP
Chartered Accountants
Firm Registration No. 116231W/W-100024

Raajnish

Raajnish Desai
Partner
Membership No. 101190

Place: Pune
Date: 30 May 2019

Deepak Fertilisers and Petrochemicals Corporation Limited
Consolidated Balance Sheet as at 31 March 2019
(All amounts in ₹ Lakhs unless otherwise stated)

Particulars	Notes	31 March 2019	31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	2,16,883	2,14,383
Capital work-in-progress	4	1,37,022	65,384
Investment property	5	511	511
Goodwill		2,632	2,666
Other intangible assets	6	864	1,322
Investment in equity accounted investees	7	10	929
Financial assets			
i. Investments	8	72	72
ii. Loans	12	45	7
ii. Other financial assets	15	3,103	1,682
Deferred tax assets (net)		7,353	9,434
Income tax assets (net)		9,090	7,245
Other non - current assets	16	40,680	42,755
Total non-current assets		4,18,265	3,46,390
Current assets			
Inventories	17	82,790	76,849
Investments in associates (held-for-sale)	9	614	-
Financial assets			
i. Investments	10	24,544	37,773
ii. Trade receivables	11	1,39,626	1,96,537
iii. Cash and cash equivalents	13	8,874	9,184
iv. Other bank balances	14	2,749	847
v. Loans	12	129	446
vi. Other financial assets	15	984	1,855
Other current assets	18	33,186	29,265
Total current assets		2,93,496	3,52,756
Total assets		7,11,761	6,99,146
EQUITY AND LIABILITIES			
Equity			
Equity share capital	19	8,820	8,820
Other equity	20	2,00,965	1,95,797
Equity attributable to owners of the Company		2,09,785	2,04,617
Non controlling interest		4,377	4,033
Total equity		2,14,162	2,08,650
Liabilities			
Non-current liabilities			
Financial Liabilities			
i. Borrowings	21	1,77,092	62,552
Provisions	24	4,631	4,839
Total non-current liabilities		1,81,723	67,391
Current liabilities			
Financial liabilities			
i. Borrowings	22	1,17,591	2,83,922
ii. Trade payables			
(a) total outstanding dues of micro and small enterprises	25	307	55
(b) total outstanding dues of creditors other than micro and small enterprises		1,48,092	90,843
iii. Other financial liabilities	25	35,986	35,708
Other current liabilities	23	11,472	11,043
Provisions	27	1,756	956
Current tax liabilities (net)	24	672	578
Total current liabilities		3,15,876	4,23,105
Total liabilities		4,97,599	4,90,496
Total equity and liabilities		7,11,761	6,99,146

Significant accounting policies 1 - 2

The accompanying notes form an integral part of the consolidated financial statements 3 - 50

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm Registration No.: 116231W/W-100024

Raajnish Desai
Partner
Membership No.: 101190

Place: Pune
Date: 30 May 2019

For and on behalf of Board of Directors of Deepak Fertilisers and Petrochemicals Corporation Limited

S. C. Mehta
Chairman and Managing Director
DIN:00128204

Mahesh R Chhabria
Director
DIN : 00166049

Place: Pune
Date: 30 May 2019

Amitabh Bhargava
President & CFO

K. Subharaman
EVP-Legal and Company Secretary
Membership No: FCS:4361

DEEPAK FERTILISERS AND PETROCHEMICALS CORPN LTD ★

Deepak Fertilisers and Petrochemicals Corporation Limited
Consolidated Statement of Profit and Loss for the year ended 31 March 2019
(All amounts in ₹ Lakhs unless otherwise stated)

	Notes	Year ended 31 March 2019	Year ended 31 March 2018
Income			
Revenue from operations	28	6,74,206	6,06,154
Other income	29	5,430	2,409
Total income		6,79,636	6,08,563
Expenses			
Cost of materials consumed	30	2,83,536	2,37,317
Purchases of stock-in- trade	31	2,51,930	2,27,716
Changes in inventories of finished goods and stock-in-trade	32	(6,403)	(9,539)
Excise duty		-	6,668
Employee benefits expense	33	27,766	24,580
Finance costs	34	22,933	17,316
Depreciation and amortisation expense	35	17,146	16,323
Other expenses	36	71,444	64,894
Total expenses		6,68,352	5,85,275
Profit before share of (loss) of equity accounted investees and income tax		11,284	23,288
Share of (loss) of equity accounted investees		(305)	(239)
Profit before tax		10,979	23,049
Tax expense			
Current tax		1,351	2,349
Deferred tax (credit)/charge		2,281	4,290
Total tax expense		3,632	6,639
Profit for the year		7,347	16,410
Other comprehensive income ('OCI')			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit obligations		(520)	(139)
Income tax relating to these items		182	48
Total (A)		(338)	(91)
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(190)	(31)
Changes in fair value of investment through OCI		(51)	(63)
Income tax relating to these items		18	33
Total (B)		(223)	(61)
Other comprehensive income for the year (A+B), net of tax liability		(561)	(152)
Total comprehensive income for the year		6,786	16,258
Profit attributable to:			
-Owners of the Company		7,067	16,267
-Non controlling interests		280	143
Other comprehensive income:			
-Owners of the Company		(519)	(148)
-Non controlling interests		(42)	(4)
Total comprehensive income attributable to:			
-Owners of the Company		6,548	16,119
-Non controlling interests		238	139
Earnings per equity share of Rs.10 each			
i) Basic (in Rs.)		8.01	18.44
ii) Diluted (in Rs.)		8.01	18.44
Weighted average number of equity shares of Rs. 10 each		8,82,04,943	8,82,04,943
Significant accounting policies	1 - 2		
The accompanying notes form an integral part of the consolidated financial statements	3 - 50		

As per our report of even date attached

For and on behalf of Board of Directors of Deepak Fertilisers and Petrochemicals Corporation Limited

For B S R & Associates LLP
Chartered Accountants
Firm Registration No.: 116231W/W-100024

Raajnish Desai
Partner
Membership No.: 101190

Place: Mumbai
Date: 30 May 2019

S. C. Mehta
Chairman and Managing Director
DIN:00128204

Mahesh R Chhabria
Director
DIN 00166049

Place: Mumbai
Date: 30 May 2019

Amitabh Bhargava
President & CFO

K. Subharaman
EVP-Legal and Company Secretary
Membership No: FCS:4361

Deepak Fertilisers and Petrochemicals Corporation Limited
Consolidated Statement of Changes in Equity for the year ended 31 March 2019
(All amounts in ₹ Lakhs unless otherwise stated)

A. Equity Share Capital

	31 March 2019	31 March 2018
Balance at the beginning and at the end of the year	8,820	8,820

B. Other Equity

	Share Warrants, Reserves and surplus						Items of Other Comprehensive Income				
	Securities premium	Capital redemption reserve	Share Warrants	Debenture redemption reserve	General reserve	Retained earnings	Fair value through OCI	Other Items of Comprehensive Income	Total attributable to Owners of the Company	Non Controlling Interest	Total
Balance as at 1 April 2017	10,799	1,950	-	6,250	17,867	1,56,254	18	(341)	1,92,797	790	1,93,587
Profit for the year	-	-	-	-	-	16,267	-	-	16,267	143	16,410
Other comprehensive income	-	-	-	-	-	-	(30)	(122)	(152)	-	(152)
Total comprehensive income for the year	-	-	-	-	-	16,267	(30)	(122)	16,115	143	16,258
Issue of share during the year	(263)	-	-	-	-	-	-	-	(263)	3,100	2,837
Dividend paid	-	-	-	-	-	(7,292)	-	-	(7,292)	-	(7,292)
Transfer from debenture redemption reserve	-	-	-	(6,250)	-	6,250	-	-	-	-	-
Transfer to general reserve	-	-	-	-	55	(55)	-	-	-	-	-
Deferred Tax on demerger	-	-	-	-	-	(5,560)	-	-	(5,560)	-	(5,560)
Balance as at 1 April 2018	10,536	1,950		-	17,922	1,65,864	(12)	(463)	1,95,797	4,033	1,99,830
Profit for the year	-	-		-	-	7,067	-	-	7,067	280	7,347
Other comprehensive income	-	-		-	-	-	(33)	(528)	(561)	(42)	(603)
Exchange difference on account of issue of share	-	-		-	-	-	-	-	-	106	106
Total comprehensive income for the year	-	-		-	-	7,067	(33)	(528)	6,506	344	6,850
Issue of Share warrants	-	-	5,000	-	-	-	-	-	5,000	-	5,000
Share issue expenses	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-		-	-	(6,338)	-	-	(6,338)	-	(6,338)
Balance as at 31 March 2019	10,536	1,950	5,000	-	17,922	1,66,593	(45)	(991)	2,00,965	4,377	2,05,342

Note: Refer note 20 for nature and purpose of other equity.

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

For and on behalf of Board of Directors Deepak Fertilisers and Petrochemicals Corporation Limited.

For B S R & Associates LLP
Chartered Accountants
Firm Registration No 116231W/W-100024

Raajnish Desai
Partner
Membership No 101190

Place: Mumbai
Date: 30 May 2019

S.C.Mehta
Chairman and Managing Director
DIN:00128204

Mahesh R Chhabria
Director
DIN : 00166049

Place: Mumbai
Date: 30 May 2019

Amitabh Bhargava
President & CFO

K. Subharaman
EVP-Legal and Company Secretary
Membership No: FCS-4361

DEEPAK FERTILISERS AND PETROCHEMICALS CORPN. LTD.

Deepak Fertilisers and Petrochemicals Corporation Limited
(All amounts in ₹ Lakhs unless otherwise stated)
Consolidated Statement of Cash Flows for the year ended 31 March 2019

	Year ended 31 March 2019	Year ended 31 March 2018
Cash flow from operating activities		
Profit before tax as per statement of profit and loss	10,979	23,049
Adjustments for		
Depreciation and amortisation expense	17,146	16,323
Loss on disposal of property, plant and equipment	70	112
Bad debts and advances written off, allowances for	175	222
Gain on sale of investments	(2,121)	(429)
Changes in fair value of financial assets at fair value	(145)	(40)
Share of loss of equity accounted investees	305	239
Dividend income	(122)	(2)
Interest income	(970)	(627)
Finance costs	22,933	17,316
Foreign exchange fluctuations loss (net)	134	1,450
Cash generated from operations before working capital changes		
Decrease / (increase) in trade receivables	56,736	(65,626)
(Increase) in inventories	(5,941)	(26,396)
Increase in trade payables	57,501	47,037
(Decrease) / increase in other financial liabilities	(18,056)	4,377
(Increase) / decrease in other financial assets	(1,033)	604
(Increase) in other non-current assets	(1,653)	(2,313)
(Increase) in other current assets	(3,921)	(17,715)
Increase in provisions	592	917
(Decrease) in employee benefit obligations	(520)	(130)
Increase / (decrease) in derivatives not designated as hedges	1,824	(3,168)
Increase / (decrease) in other current liabilities	190	(1,467)
Cash generated from / (used in) operations	**1,34,103**	**(6,267)**
Income taxes paid (net)	(3,102)	(6,884)
Net cash generated from / (used in) operating activities	**1,31,001**	**(13,151)**
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets (including Capital work-in-progress)	(72,284)	(94,121)
Purchase of investments	(5,84,367)	(23,671)
Loans	279	101
Proceeds from sale of investments	5,99,553	429
Proceeds from sale of property, plant and equipment	74	-
Minority Interest	64	3,085
Changes in other bank balances	(1,902)	(324)
Dividends received from Mutual Fund	122	-
Interest received	894	635
Net cash (used in) investing activities	**(57,567)**	**(1,13,866)**
Cash flows from financing activities		
Proceeds from borrowings	32,455	1,78,674
Repayment of borrowings	(82,453)	(26,935)
Share issue costs	-	(248)
Share Warrants Issued	5,000	-
Interest paid	(22,647)	(17,317)
Dividends paid (including dividend distribution tax)	(6,099)	(7,253)
Net cash (used in) / generated from financing activities	**(73,744)**	**1,26,921**
Net (decrease) in cash and cash equivalents	(310)	(96)
Cash and cash equivalents at the beginning of the year (refer note 13)	9,184	9,280
Cash and cash equivalents at end of the year (refer note 13)	**8,874**	**9,184**

The accompanying notes form an integral part of the consolidated financial statements.

The above statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, "Statement of Cash Flows"

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm Registration No.: 116231W/W-100024

Raajnish Desai
Partner
Membership No.: 101190

Place: Pune
Date: 30 May 2019

For and on behalf of Board of Directors Deepak Fertilisers and Petrochemicals Corporation Limited

S.C.Mehta
Chairman and Managing Director
DIN:00128204

Amitabh Bhargava
President & CFO

Mahesh R Chhabria
Director
DIN : 00166049

K. Subharaman
EVP-Legal and Company Secretary
Membership No: FCS:4361

Place: Pune
Date: 30 May 2019

DEEPAK FERTILISERS AND PETROCHEMICALS CORPN. LTD.

Deepak Fertilisers and Petrochemicals Corporation Limited

Notes to the consolidated financial statements for the year ended 31 March 2019

1. Corporate Information

Deepak Fertlisers and Petrochemicals Corporation Limited ("the Company or the Parent Company") is a public limited company domiciled in India, with its registered office at Pune, Maharashtra, India. The Company has been registered under the provisions of the Indian Companies Act and its equity shares are listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange ("BSE") in India.

The Group is engaged in the business of fertlisers, agri services, bulk chemicals, mining chemical and value added real estate.

The consolidated financial statements of the Company as at and for the year ended on 31 March 2019 comprise the Company and its subsidiaries (together referred to as "the Group").

2. Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ("the Act"), as amended thereafter and other relevant provisions of the Act.

The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments;
- Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments); and
- Employee defined benefits plans – plan assets are measured at fair value

The consolidated financial statements are presented in Indian Rupees ("INR"), which is also the Group functional currency and all values are rounded off to the nearest lakhs, except when otherwise indicated. Wherever, an amount is presented as INR '0' (zero) it construe value less than Rs 50,000.

2.2 Significant accounting estimates, assumptions and judgements

The preparation of the Group financial statements requires management to make 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 effected in future periods.

DEEPAK FERTILISERS AND PETROCHEMICALS CORPN. LTD.

Deepak Fertilisers and Petrochemicals Corporation Limited

Notes to the consolidated financial statements for the year ended 31 March 2019

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 amount of assets and liabiltiies within the next financial year, are described below. The Group has based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group. The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

(iii) Joint Arrangements

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint Ventures

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

(iv) Equity Method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Deepak Fertilisers and Petrochemicals Corporation Limited

Notes to the consolidated financial statements for the year ended 31 March 2019

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group. The carrying amount of equity accounted investments are tested for impairment.

(v) Changes in ownership interests:

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

The details of consolidated entities are as follows:

Name of the Companies		Country of incorporation	Percentage of ownership interest
1	Smartchem Techologies Limtied (STL)	India	99.99%
2	Deepak Nitrochem Pty Limited	Australia	100.00%
3	Deepak Mining Services Private Limited (DMSPL)	India	100.00%
4	RungePincockMinarco India Private Limited (Subsidiary of DMSPL)	India	51.00%
5	Desai fruits and vegetables Pvt. Ltd.	India	28.67%
6	SCM Fertichem Limited	India	99.99%
7	Platinum Blasting Servies Pty Limited (PBS)[Subsidiary of STL]	Australia	65.00%
8	Australian Explosives Pty Limited (AME)[Subsidiary of PBS]	Australia	65.00%

DEEPAK FERTILISERS AND PETROCHEMICALS CORPN. LTD. ★

B S R & Associates LLP Chartered Accountants 7th & 8th Floor, Business Plaza, Westin Hotel Campus 36/3-B, Koregaon Park Annex, Mundhwa Road, Ghorpadi Pune-411001 India

Taxes

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provisions in the period in which the tax determination is made. The assessment of probability involves estimation of a number of factors including future taxable income.

Useful lives of Property, plant and equipment ('PPE')

The Management reviews the estimated useful lives and residual value of PPE at the end of each reporting period. Factors such as changes in the expected level of usage, number of shifts of production, technological developments and product life-cycle, could significantly impact the economic useful lives and the residual values of PPE, consequently leading to a change in the future depreciation charge.

Defined benefit plans

Employee benefit obligations are determined using independent actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual results in the future. These include the determination of the discount rate, future salary increases, experience of employee departures and mortality rates. Due to the complexities involved in the valuation and its long-term nature, employee benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Litigations

From time to time, the Group is subject to legal proceedings, the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the charge/ expense can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcomes and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions are made for the changes in facts and circumstances.

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 Discounted Cash flow ("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing their fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair values of financial instruments.

Impairment of financial assets

The Group assesses impairment based on the expected credit loss ("ECL") model on trade receivables. The Group uses a provision matrix to determine impairment loss allowance on the portfolio of trade

DEEPAK FERTILISERS AND PETROCHEMICALS CORPN. LTD.

B S R & Associates LLP Chartered Accountants

receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates that the assets' recoverable amount. An assets' recoverable amount is the higher of an asset's 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 cashflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and it is written down to its recoverable amount. In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken in account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded entities or other available fair value indicators.

2.3 Summary of significant accounting policies

(a) Current verus non-current classification

The Group presents assets and liabilities in the Balance Sheet based on current/ non-current classification.

An asset is treated as current when:

- It is expected to be realised or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is a cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as noncurrent.

A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

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 realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle for the purpose of current non-current classification of assets and liabilities.

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(b) Revenue recognition

Effective 01 April 2018, Ind AS 115 -'Revenue from contracts with customers' has replaced Ind AS 18 - 'Revenue' and Ind AS 11 - 'Construction contracts'. The Group has applied Ind AS 115 'Revenue from Contracts with customers' ("hereinafter referred to as Ind AS 115") effective from 01 April 2018, using modified retrospective approach for the purpose of transition. Accordingly, comparatives for the previous period have not been restated. The application of Ind AS 115 did not have any material impact on the financial results of the Group.

Ind AS 115 specifies a uniform, five-step model for revenue recognition, which is generally to be applied to all contracts with customers. Amounts disclosed as revenue are inclusive of excise duty, in respect of revenue up to 30 June 2017, and net of customer returns, trade allowance, rebates, value added and other indirect taxes and amount collected on behalf of third parties.

Sale of Goods :
The Group recognizes revenue from sale of goods measured at the fair value of the consideration received or receivable, upon satisfaction of performance obligation which is at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods. Depending on the terms of the contract, which differs from contract to contract, the goods are sold on a reasonable credit term. As per the terms of the contract, consideration that is variable, according to Ind AS 115, is estimated at contract inception and updated thereafter at each reporting date or until crystallisation of the amount.

Sale of Services :
Sale of services are recognised on satisfaction of performance obligation towards rendering of such services.

Interest Income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable and dividend income from investments in shares is recognised when the owner's right to receive the payment is established.

(c) Property, plant and equipment

Items of property, plant and equipment including capital work-in-progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bring the asset to its working condition for its intended use. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repairs and maintenance costs are recognized in the statement of profit or loss, as incurred. In respect of additions to/ deletions from fixed assets, depreciation is provided on a pro-rata basis with reference to the month of addition/ deletion of the assets. Freehold land is carried at historical cost.

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as prescribed in Schedule II of the Companies Act, 2013. As per requirements of the Companies Act, 2013 the Group has also identified significant components of assets and their useful life and depreciation charge is based on an internal technical evaluation. Estimated useful life adopted in respect of the following assets is different from the useful life prescribed in Schedule II of the Companies Act, 2013. These estimated lives are based on technical assessment made by technical expert and management estimates. Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Name of assets	Estimated useful life (in years)
Computers – Servers and Networks	3 – 6
End User Devices such as desktops and laptops	3 – 6
Vehicles	4 for employee vehicles and 6 – 7 for others
Buildings (other than factory buildings) with RCC frame structure	61
Plant and machinery	Various estimated lives upto 25. WNA III plant is depreciated at 25.88% on the WDV method
Windmill	19
Plant & machinery used for generation of power through gas	40

Capitalised machinery spares are depreciated over the remaining useful life of the related machinery/ equipment. Leasehold Land is amortised over the lease period.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(d) Intangible assets

Intangible assets are initially recognized at cost. Following initial recognition, intangible assets with finite useful life are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the statement of profit or loss in the period in which the expenditure is incurred.

The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Gains or losses arising from de-recognition 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.

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Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the operating segments.

Name of assets	Estimated useful life (in years)
Computer software	3 to 4
Technical knowhow/ engineering fees	3 to 4
Licence/ franchise fees	3 to 4

(e) Borrowing costs

Borrowing costs that are 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, are capitalised as a part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Investment income earned on the temporary investment of specific borrowings is deducted from the borrowing costs eligible for capitalisation.

(f) Foreign currency transactions and balances

Transactions in foreign currency are recorded applying the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the end of the year, are translated at the closing rates prevailing on the balance sheet date. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction. Exchange differences arising as a result of the above are recognized as income or expenses in the statement of profit and loss. Exchange differences arising on the settlement of monetary items, at rates different from those at which they were initially recorded, during the year or reported in previous financial statements, are recognized as income or expenses in the year in which they arise. Foreign exchange difference on foreign currency borrowings, loans given, settlement gain/ loss and fair value gain/ loss on derivative contract relating to borrowings are accounted and dislosed under finance cost. Such exchange difference do not include foreign exchange difference regarded as an adjustment to the borrowing cost and capitalized with cost of fixed assets.

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Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(g) 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 recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

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a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and b) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Debt instrument at FVOCI

A 'debt instrument' is classified as at the FVOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and b) The asset's contractual cash flows represent SPPI. Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVPL

FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVPL. In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Impairment of financial assets

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The Group recognizes loss allowance using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all financial assets with contractual cash flows other than trade receivable, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECLs (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the Statement of Profit and Loss.

Derecognition

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

• The rights to receive cash flows from the asset have expired, or

• The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

Financial liabilities are classified and measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognized in Statement of Profit and Loss.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no

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evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Derecognition

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

Derivative financial instruments

The Group uses various types of derivative financial instruments to hedge its currency and interest risk etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(h) 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 fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets in which case they are capitalized in accordance with the Group general policy on borrowing costs. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

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Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from an operating lease is recognized on a straight-line basis over the term of the relevant lease. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

(i) Inventories

- Raw materials, packing materials and stores and spares are valued at the lower of cost and net realisable value. Cost is determined on the basis of moving weighted average method. The aforesaid items are valued below cost if the finished products in which they are to be incorporated are expected to be sold at a loss.
- Finished goods and by-products including those held for captive consumption are valued at the lower of cost or net realisable value. Cost is determined on actual cost basis. Cost of finished goods includes excise duty, as applicable. Variances, exclusive of abnormally low volume and operating performance, are adjused to inventory. Stock-in-trade is valued at lower of cost and net realisable value.
- Net realizable 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.

(j) Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the assets' recoverable amount. An assets' recoverable amount is the higher of an asset's 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 cashflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and it is written down to its recoverable amount. In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken in account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded entities or other available fair value indicators. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment loss no longer exist or has decreased. If such indication exists, the Group estimates the assets' or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the assets' recoverable amount, since the last

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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 recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

(k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive), as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursements.

If the effect of 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. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

(l) Employee benefits

Defined contribution scheme

Provident Fund and superannuation are a defined contribution schemes. The contributions to these schemes are charged to the statement of profit and loss in the year in which the employee renders the related services.

Defined benefit schemes

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of continuous service gets a gratuity on post employment at 15 days salary (last drawn salary) for each completed year of service as per the rules of the Group. The aforesaid liability is provided for on the basis of an actuarial valuation based on the projected unit credit method made at the end of the financial year by an independent actuary. The scheme is funded with an Insurance company in the form of qualifying insurance policy.

The defined benefit obligation for post employment pension and medical benefits is also calculated at the end of the financial year by an independent actuary using the projected unit credit method.

The Group has other long term employee benefits in the nature of leave encashment. The liability in respect of leave encashment is provided for on the basis of an actuarial valuation on the projected unit credit method made at the end of the financial year.

Remeasurements, comprising of actuarial gains and losses, the effect of asset ceiling, excluding amounts included in the net interest on the net defined benefit liability and the return on plan assets

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(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 through OCI in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods.

(m) Derivative financial instruments

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship which is designated.

Cash flow hedges that qualify for hedge accounting: The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in 'other comprehensive income' in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit and loss. Amounts accumulated in equity are reclassified to the statement of profit and loss in the periods in which the hedged item affects the profit or loss (for example, when the interest expenditure is recorded).

Derivatives that are not designated as hedges: The Group enters into certain derivative contracts to hedge foreign exchange risks which are not designated as hedges. Such derivative contracts are accounted for at each reporting date at fair value through the statement of profit and loss.

(n) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

(o) Cash dividend

The Group recognizes a liability to make cash distributions to equity shareholders when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders of the Group.

(p) Income taxes

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities in accordance with the Income Tax Act, 1961. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized outside profit and loss is recognized outside profit and loss (either in other comprehensive income 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 income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or in respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of temporary differences can be controlled and it is probable that the temporary differences will not reverse in the forseeble future.

Deferred tax assets on deductible temporary differences, the carry forward of unused tax credits and any unused tax losses are recognized to the extent that there is reasonably certainty that taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits and 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.

The carrying amount of deferred tax assets is reviewed at each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become reasonably certain 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 or liability is settled based on tax rates and tax laws that have been enacted or

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B S R & Associates LLP, 8th Floor, Business Plaza, Westin Hotel Campus, 36/3-B, Koregaon Park, Annex, Mundhwa Road, Ghorpadi, Pune-411001, India, Chartered Accountants substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit and loss is recognized outside profit and 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.

Minimum Alternate Tax (MAT)

Minimum Alternate Tax paid as per Indian Income Tax Act, 1961 is in the nature of unused tax credits which can be carried forward and utilized when the Group will pay normal income tax during the specified period. Deferred tax asset on such tax credit is recognized to the extent that it is probable that the unused tax credit can be utilized in the specified future period. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(q) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. For the purposes of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(r) Investment property

Property that is held for long-term rentals or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

(s) Segment reporting

Based on the "Management approach" as defined in Ind AS 108: Operating Segments, the Chief Operating Decision Maker evaluates the Group performance and allocates resources based on an analysis of various performance indicators by business segments. Inter-segment sales and transfers are reflected at market prices.

Segment policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements as a whole. Common allocable costs are allocated to each segment on an appropriate basis. Revenues, expenses, assets and liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as "unallocated revenues/expenses/ assets/ liabilities", as the case may be.

(t) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively;
- Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of a bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

(u) Contingent Liability and Contingent Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of economic resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contigent liability but discloses its existence in the consolidated financial statements.

A contingent asset is not recognized unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the consolidated financial statements.

Contingent liabilities and contingent assets are reviewed at each balance sheet date.

(v) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to income are deferred and recognised in the Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

(w) New Standards issued but yet to be adopted

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective from 01 April 2019:

Ind AS - 116

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The amendment is effective for annual periods beginning on or after 01 April 19. The Group is in the process of evaluating the impact of this amendment on the financial statements.

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

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B R & Associates Chartered Accountants

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group does not expect any significant impact of the amendment on its financial statements.

Note 3: PROPERTY, PLANT & EQUIPMENT

	Free-hold Land	Lease-hold Land	Buildings	Plant and Equipment	Bearer plants	Electric Installation	Furniture & Fixtures	Office Equipments	Laboratory Equipments	Vehicles	Total
Gross carrying amount											
as at 1 April 2017	16,127	13,997	36,887	1,50,290	-	3,306	1,059	1,638	380	1,970	2,25,654
Additions	1,802	2,516	4,095	18,748	-	1,385	51	438	79	466	29,580
Disposals	-	-	(16)	(1,772)	-	-	(12)	(11)	(5)	(247)	(2,063)
Adjustment (refer note 1 below)	652	-	(938)	-		-	-	-	-	-	(286)
Gross carrying amount as at 31 March 2018	**18,581**	**16,513**	**40,028**	**1,67,266**	**-**	**4,691**	**1,098**	**2,065**	**454**	**2,189**	**2,52,885**
Accumulated depreciation and impairment											
Opening accumulated depreciation	-	(144)	(1,762)	(19,141)	-	(972)	(286)	(541)	(168)	(771)	(23,785)
Depreciation charge for the year	-	(186)	(1,422)	(12,477)	-	(543)	(149)	(421)	(44)	(492)	(15,734)
On disposals	-	-	-	552	-	-	9	10	4	162	737
Adjustment (refer note 1 below)	-	-	286	(6)	-	-	-	-	-	-	280
Accumulated depreciation as at 31 March 2018	-	(330)	(2,898)	(31,072)	-	(1,515)	(426)	(952)	(208)	(1,101)	(38,502)
Net carrying amount as on 31 March 2018	**18,581**	**16,183**	**37,130**	**1,36,194**	**-**	**3,176**	**672**	**1,113**	**246**	**1,088**	**2,14,383**
Gross carrying amount											
As at 1 April 2018	18,581	16,513	40,028	1,67,266	-	4,691	1,098	2,065	454	2,189	2,52,885
Additions	6,061	135	1,664	6,694	258	142	58	771	180	1,212	17,175
Disposals	-	-	(21)	(189)	-	-	(6)	(60)	-	(417)	(693)
Adjustment			1,072	788			18	97		15	1,990
Gross carrying amount as at 31 March 2019	**24,642**	**16,648**	**42,743**	**1,74,559**	**258**	**4,833**	**1,168**	**2,873**	**634**	**2,999**	**2,71,357**
Accumulated depreciation and impairment											
Opening accumulated depreciation	-	(330)	(2,898)	(31,072)	-	(1,515)	(426)	(952)	(208)	(1,101)	(38,502)
Depreciation charge for the year	-	(224)	(1,711)	(12,631)	(24)	(426)	(146)	(717)	(58)	(586)	(16,523)
On disposals	-	-	20	152	-	-	6	58	-	315	551
Accumulated depreciation as at 31 March 2019	-	(554)	(4,589)	(43,551)	(24)	(1,941)	(566)	(1,611)	(266)	(1,372)	(54,474)
Net carrying amount as on 31 March 2019	**24,642**	**16,094**	**38,154**	**1,31,008**	**234**	**2,892**	**602**	**1,262**	**368**	**1,627**	**2,16,883**

1) Buildings gross value of which was Rs. 938 Lakhs has been demolished in 2017-18 and net value representing the value of the land has been transferred to freehold land.

Refer Note 21 foot note for information on Property, plant and equipment provided as security by the Company.
Refer Note 34 for finance cost capitalized.

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Note 4: CAPITAL WORK-IN-PROGRESS

	31 Mar 2019	31 Mar 2018
Projects (Mainly comprising of building and plant and machinery)#	1,30,371	62,397
Others	6,651	2,987
Total	**1,37,022**	**65,384**

Includes borrowing cost of Rs. 11,576 Lakhs (31st March 2018 Rs. 7,099 Lakhs)

Note 5: INVESTMENT PROPERTIES

	31 Mar 2019	31 Mar 2018
Gross carrying amount		
Opening gross carrying amount	511	511
Closing gross carrying amount	**511**	**511**
Accumulated depreciation		
Opening accumulated depreciation	-	-
Depreciation charge	-	-
Closing accumulated depreciation	-	-
Net carrying amount	**511**	**511**

(i) Fair value

	31 Mar 2019	31 Mar 2018
Investment properties	1,154	1,103

a) Disclosures relating to fair valuation of investment property
Fair value of the above investment property as at 31 March 2019 is Rs. 1,154 lakhs based on external valuation.

Fair value Hierarchy
The fair values of investment properties have been determined by an external, independent property valuer, having appropriate recognised professional qualifications and relevant experience in the category of the land parcel being valued. The fair value measurement for the investment property has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used. The investment property constitute of land parcels at Panchagini, Khamgaon, Solapur and Nashik.

Description of valuation technique used
The Group obtains independent valuations of its investment property after every three years as per requirement of Ind AS 40. The fair value of the investment property has been derived using the Direct Comparison Method. The direct comparison approach involves a comparison of the investment property to similar properties that have actually been sold in arms-length transaction or are offered for sale in the same region. This approach demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market, and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. This approach leads to a reasonable estimation of the prevailing price. Given that the comparable instances are located in close proximity to the investment property; these instances have been assessed for their locational comparative advantages and disadvantages while arriving at the indicative price assessment for investment property.

b) The Group has not earned any rental income on the above properties.

Note 6: Intangible Assets

	Computer Software	Technical Know How/Engineering fees	License/ Franchise Fees	Total
Cost as on 1 April 2017	**673**	**332**	**1,201**	**2,206**
Additions during the year	54	-	116	170
Gross carrying amount as on 31 March 2018	**727**	**332**	**1,317**	**2,376**
Additions during the year	156	-	9	165
Gross carrying amount as on 31 March 2019	**883**	**332**	**1,326**	**2,541**
Accumulated Amortisation				
Opening as on 1 April 2017	**88**	**64**	**312**	**464**
Amortisation charge for the year	86	32	472	590
Closing accumulated amortisation as at 31 March 2018	**174**	**96**	**784**	**1,054**
Amortisation charge for the year	107	32	484	623
Closing accumulated amortisation as at 31 March 2019	**281**	**128**	**1,268**	**1,677**
Net Block as at 31 March 2018	**553**	**236**	**533**	**1,322**
Net Block as at 31 March 2019	**602**	**204**	**58**	**864**

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Note 7: INVESTMENT IN EQUITY ACCOUNTED INVESTEES

	31 March 2019	31 March 2018
Investments in equity shares (unquoted) of Associates (fully paid up)		
50,81,363 (31 March 2018: 50,81,363) equity shares of Desai Fruit and Vegetables Private Limited of Rs 10 each (refer note 9 : March 2019 reclassified to held for sale)	-	919
49,994 (31 March 2018: 49,994) equity shares of Ishanya Realty Corporation Limited of Rs 10 each	5	5
49,994 (31 March 2018: 49,994) equity shares of Ishanya Brand Services Limited of Rs 10 each	5	5
4,000 (31 March 2018: 4,000) equity shares of Mumbai Modern Terminal Market Complex Private Limited of Rs 10 each #	0	0
Total (equity instruments)	10	929

less than Rs. 100,000/-

Note 8 : INVESTMENTS

	31 March 2019	31 March 2018
Investments in equity shares of (unquoted) Others (fully paid up)		
4,715 (31 March 2018: 4,715) Equity shares of Punjab National Bank Limited of Rs. 2/- each fully paid up	3	3
88,448 (31 March 2018: 88,448) equity shares of Deepak International Limited of AUD 1 each	69	69
Total (equity instruments)	**72**	**72**
Total	**72**	**72**
Aggregate amount of quoted investments and market value thereof	3	3
Aggregate amount of unquoted investments	69	69

Note 9 : INVESTMENT IN ASSOCIATE (HELD-FOR-SALE)

	31 March 2019	31 March 2018
Investment in equity shares (unquoted) of Associates (fully paid up) carried at lower of cost or net realisable value		
50,81,363 (31 March 2018: 50,81,363) equity shares of Desai Fruit and Vegetables Private Limited of Rs 10 each	614	-
Total	**614**	-

On 28 March 2019, consent of the Board of Directors was obtained for disinvestment from Desai Fruits and Vegetables Pvt Ltd (DFVPL) by selling equity shares of DFVPL. The carrying value of the investment has been presented as held for sale in current assets.

Share purchase agreement was signed with CFI on 6 April 2019 to sell shares at Rs. 74 per share for a total consideration of Rs. 3,760 Lakhs.

MOVEMENT IN EQUITY ACCOUNTED INVESTEES	31 March 2019	31 March 2018
Balance at beginning of the year	919	1,158
Add: share of (loss) of equity accounted investees	(305)	(239)
Balance as at the end of the year	**614**	**919**

Note 10: CURRENT INVESTMENTS

	31 March 2019	31 March 2018
Quoted		
Investment in Debt Securities (carried at fair value through OCI)	-	1,636
Investment in Government Securities (carried at fair value through OCI)	291	1,026
Unquoted		
Investment in mutual funds (carried at fair value through profit and loss)	24,253	35,111
Total	**24,544**	**37,773**

Note 11: TRADE RECEIVABLES

	31 March 2019	31 March 2018
Trade Receivables		
Unsecured, considered good	1,39,626	1,96,537
Unsecured, credit Impaired	1,509	1,334
Less: Impairment loss allowance	(1,509)	(1,334)
Total	**1,39,626**	**1,96,537**

Movement in allowance for expected credit loss:

	31 March 2019	31 March 2018
Balance at beginning of the year	1,334	1,112
Add: Allowance for expected credit loss	175	222
Less: Reversed / utilized during the year	-	-
Balance as at the end of the year	**1,509**	**1,334**

Trade receivables have been offered as security against the working capital facilities provided by the banks.

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Note 12: LOANS

	31 March 2019		31 March 2018	
	Current	Non Current	Current	Non Current
Unsecured, considered good				
Loan to employees	34	-	218	-
Other loans	95	45	228	7
Unsecured and considered doubtful				
Other loans	60	-	-	-
Less: Provision for doubtful loans	(60)	-	-	-
Total	**129**	**45**	**446**	**7**

Note 13: CASH & CASH EQUIVALENTS

	31 March 2019	31 March 2018
Balances with banks		
- in current accounts	6,778	3,840
- in EEFC accounts	49	224
Deposits with original maturity upto three months	552	3,021
Cash on hand	12	10
Cheques in hand	1,483	2,089
Total	**8,874**	**9,184**

Note 14: OTHER BANK BALANCES

	31 March 2019	31 March 2018
Earmarked balances with banks		
Unclaimed dividend	800	647
Deposits with maturity upto 12 months from the reporting date	1,949	200
Total	**2,749**	**847**

Note 15: OTHER FINANCIAL ASSETS

	31 March 2019		31 March 2018	
	Current	Non Current	Current	Non Current
(i) Derivatives not designated as hedges				
Foreign-exchange forward contracts	-		34	
Foreign currency options	8	-	601	-
(ii) Others				
Interest receivable	766	-	690	-
Deposit with banks with maturity after 12 months from the reporting date	-	76	-	8
Security deposits	-	2,966	-	1,358
Others	210	61	530	316
Total	**984**	**3,103**	**1,855**	**1,682**

Note 16: OTHER NON-CURRENT ASSETS

	31 March 2019	31 March 2018
Capital advances	31,876	35,604
Balance with government authorities	8,764	7,123
Prepaid Expenses	40	28
Total	**40,680**	**42,755**

Note 17: INVENTORIES

	31 March 2019	31 March 2018
Raw materials	25,895	22,115
Includes Rs.1,948 Lakhs (31 March 2018 Rs. 2,689 Lakhs) in transit		
Finished goods	29,842	16,356
Stock-in-trade	13,564	20,647
Includes Rs. 1,741 Lakhs (31 March 2018 Rs. 670 Lakhs) in transit		
Stores and spares	11,595	15,888
Includes Rs.178 Lakhs (31 March 2018 Rs. 101 Lakhs) in transit		
Packing material	1,894	1,843
Total	**82,790**	**76,849**

Inventories have been offered as security against the working capital facilities provided by the banks.

Note 18: OTHER CURRENT ASSETS

	31 March 2019	31 March 2018
Advances for supply of goods and services	4,159	10,863
Balances with government authorities	25,110	13,249
Prepaid expenses	2,041	3,997
Other receivables	1,876	1,156
Total	**33,186**	**29,265**

(All amounts in ₹ Lakhs unless otherwise stated)

Note 19: SHARE CAPITAL

	31 March 2019	31 March 2018
Authorised		
13,50,50,000 equity shares of Rs. 10/- each. (31 March 2018: 12,50,00,000 equity shares of Rs 10/- each)	13,505	12,505
Nil Cumulative redeemable preference shares of Rs.100/- each. (31 March 2018: 10,00,000 Cumulative redeemable preference shares of Rs.100/- each.)	-	1,000
	13,505	**13,505**
Issued, subscribed and fully paid-up share capital		
8,82,04,943 equity shares of Rs. 10/- each. (31 March 2018: 8,82,04,943 equity shares of Rs 10/- each)	8,820	8,820
Fully paid-up share capital as at year end	**8,820**	**8,820**

(i) Reconciliation of the number of Equity Shares

	31 March 2019		31 March 2018	
Equity Shares	**No of Shares**	**Amount**	**No of Shares**	**Amount**
Balance as at the beginning and at the end of the year	8,82,04,943	8,820	8,82,04,943	8,820
Add: Issued during the year	-	-	-	-
	8,82,04,943	**8,820**	**8,82,04,943**	**8,820**

Terms and rights attached to equity shares

The Company has only one class of equity shares having at par value of Rs. 10 per share. Holder of each equity share is entitled to one vote per share.
The Company declares and pays dividend in Indian Rupees except in the case of overseas shareholders where dividend is paid in respective foreign currencies considering foreign exchange rate applied at the date of remittance. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the Annual General Meeting.

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

(ii) Details of shareholders holding more than 5% shares in the company

	31 March 2019		31 March 2018	
	Number of shares	**% Holding**	**Number of shares**	**% Holding**
Nova Synthetic Limited	4,27,06,848	48.42%	4,25,94,071	48.29%

Note 20: OTHER EQUITY

(ii) Nature and purpose of other equity

(a) Securities premium: Amount received in excess of face value of the equity shares is recognized in Securities Premium. The reserve is eligible for utilisation in accordance with the provisions of the 2013 Act.

(b) Capital redemption reserve: The Group had issued redeemable preference shares and as per the provisions of the Act where preference shares are redeemed out of divisible profits, an amount equal to the nominal value of shares so redeemed must be transferred to capital redemption reserve, out of divisible profits.

(c) Debenture redemption reserve: The Group has issued non convertible debentures and as per the provisions of the Act the Group is required to create debenture redemption reserve out of the divisible profits at least equal to 25% of the nominal value of debenture issued. The Debenture redemption reserve is allowed to be released to retained earnings on completion of the redemption of debentures.

(d) Share Warrants : During the year, the Parent Company has issued 64,76,893 convertible warrants at an issue price of Rs. 308 per warrant each to a promoter group company. These warrants are convertible into equal number of fully paid equity shares of Rs. 10 each upon exercise of the option of conversion of warrants held by the holders within a period of 18 months from the date of allotment of warrants.

(e) General reserve: This represents appropriation of profits by the Group to General Reserve and is available for distribution of dividend.

(f) Retained earnings: Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

After the reporting date, the following dividend (excluding dividend distribution tax) was proposed by the Directors subject to the approval at the Annual General Meeting; the dividends have not been recognised as a liability. Dividends would attract dividend distribution tax when declared or paid.

	31 March 2019	31 March 2018
Rs 3 per equity share (31 March 2018 : Rs 6 per equity share)	2,646	5,292

(f) Other comprehensive income : This represents equity instruments carried at fair value through OCI and remeasurement of employee benefits (gratuity & post retirement benefit).

Movement in Non Controlling Interest	**31 March 2019**	**31 March 2018**
Balance at beginning of the year	4,033	790
Add: profit for the year	238	143
Add: issue of share during the year	-	3,100
Add: exchange difference on account of issue of shares	106	
Balance as at the end of the year	**4,377**	**4,033**

(All amounts in ₹ Lakhs unless otherwise stated)

FINANCIAL LIABILITIES
Note 21: NON-CURRENT BORROWINGS

	Terms of repayment	Coupon/ Interest rate	31 March 2019	31 March 2018
Secured				
Term loans				
State Bank of India (refer note 1)	Repayable in 28 quarterly instalments starting from Jun 2017 onwards.	At variable average interest rate payable monthly (average for the year: 8.52%)(31 March 2018 : 8.52%)	32,111	38,570
Export Import Bank Of India (Loan 1) (refer note 1)			7,144	8,572
Export Import Bank Of India (Loan 2) (refer note 2)	Repayable in 28 quarterly instalments starting from Jun 2020 onwards.	At variable average interest rate payable monthly (average for the year: 9.55%)(31 March 2018: NIL)	28,767	-
Bank of Baroda (refer note 3)	Redeemable in quarterly instalment starting from March 2023	9.90% per annum, Interest payable monthly(31 March 2018 : NIL)	74,733	-
Bank of Baroda (refer note 4)	Redeemable in quarterly instalments starting from June 2021 and end date of 31 Dec 2027	9.05% per annum payable annually (31 March 2018 : 9.05% per annum)	18,122	9,000
Export Import Bank Of India (refer note 4)	Redeemable in quarterly instalments starting from June 2021 and end date of 31 Dec 2027	9.05% to 9.60% per annum annually (31 March 2018 : 9.25% per annum)	21,991	10,400
Westpac	Repayable in 2 years from Feb 2016	At variable average interest rate payable monthly	-	293
Term Loan - State Bank of India, Sydney (refer note 5)	Repayable from calendar year 2018 to 2022	At variable average interest rate: 4.55% (Previous Year: 4.55%)	2,752	2,452
Total			1,85,620	69,287
Less: Current maturities of long-term debt (included in note 23)			8,528	6,735
Total			1,77,092	62,552

1) The term loans from State Bank of India and Export Import Bank of India have been availed for financing NPK project. The term loans are secured by pari passu first charge to be created on the entire fixed assets pertaining to Nitro phosphate plant (NPK project), being all present and future immovable and movable fixed assets pertaining to NPK project from Plot K1 to Plot K5., MIDC Industrial Area, Taloja, Dist. Raigad.

2) The term loan from Export Import Bank of India is secured by hypothecation of movable fixed assets i.e Plant and machinery located at Plot no 7 Haryana Industrial development corporation Panipat and original title deeds of Panipat land given to Export Import Bank of India. Further term loan is secured by pari passu charge to be created on the fixed assets located at Plot K7, K8 MIDC Taloja.

3) The term loan from Bank of Baroda has been availed for financing of Ammonia Project at Taloja. The term loan is secured by - first charge by way of hypothecation in favour of lenders' of all borrowers movable assets, immovable properties, and all the intangible assets in relation to the project, both present and future.

4) The term loans from Bank of Baroda (Dahej) and Export Import Bank of India (Dahej) have been availed for financing of Nitric Acid project at Dajej. The term loans are secured by pari pasu charge on the land & building and hypothecation of all the present & future immovable fixed assets and intangible assets pertaining to Nitric Acid project at Dahej.

5) The term loan availed from State Bank of India, Sydney is secured by pari pasu first charge on the movable and immovable fixed assets of the subsidiary, second charge on current assets of subsidiary

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Note 22: CURRENT BORROWINGS

	31 March 2019	31 March 2018
Loans repayable on demand		
Secured		
-Buyer's credit	1,609	71,497
-Short term loan	1,10,816	83,133
-Cash credit facilities	4,793	21
-Loan against subsidy	-	4,284
-Bill discounting	373	2,487
Unsecured		
-Commercial paper	-	1,22,500
Total	**1,17,591**	**2,83,922**

RECONCILIATION OF BORROWINGS

	31 March 2019	31 March 2018
Non-current borrowings	1,14,540	15,402
Current borrowings	(1,64,538)	1,36,337
	(49,998)	**1,51,739**
Proceeds from borrowings	1,56,968	1,78,673
Repayment of borrowings	(2,06,966)	(26,934)
Movement of borrowings (net)	**(49,998)**	**1,51,739**

Buyer's credits are generally due within 180 days and carry variable rate of interest (Average Interest rate for the year was 3.46 % (31 March 2018 - 1.92 %) and are secured by a first charge by way of hypothecation of stocks of raw materials, finished goods, consumable stores and book debts.

Short term loan from bank is repayable on demand, carries average interest rate of 8.93% (31 March 2018 - 9.34%) and is secured by a first charge by way of hypothecation of stock of raw materials, finished goods and consumable stores and book debts.

Loan against subsidy carries average rate of interest of 31 March 2019 : Not applicable (31 March 2018 - 8.26%) repayable in 60 days or receipt of subsidy whichever is earlier.

Cash credit is repayable on demand and carries variable rate of interest. Average interest rate for the year is 8.89% (31 March 2018 - 8.39%). Cash credit facilities sanctioned by banks including working capital demand loans are secured by a first charge by way of hypothecation of stocks of raw materials, finished goods, consumable stores and book debts.

Debtors bill discounting is availed at interest rates ranging between 8.50% to 14.00% (31 March 2018 - 8.50%) and is secured by hypothecation of debtors and stocks.

Commercial paper borrowings carries variable interest rate. Average rate for the year is 7.94% (31 March 2018 - 7.04%).

Note 23: OTHER FINANCIAL LIABILITIES

	31 March 2019	31 March 2018
Current		
Current maturities of non-current borrowings	8,528	6,735
Interest accrued	879	593
Security deposits	5,308	4,135
Capital creditors	17,506	2,582
Due to related parties	-	799
Foreign-exchange forward contracts payables(net)	1,356	25
Others (*)	2,409	20,839
Total	**35,986**	**35,708**

(*) Others include due to Bank for structured finance where the Group acts as a pass through agent Rs. Nil (31 March 2018 - Rs.18,203 Lakhs)

Note 24: PROVISIONS

	31 March 2019		31 March 2018	
	Current	Non - Current	Current	Non - Current
Provision for employee benefits				
Gratuity	858	2,219	320	2,259
Compensated absences	760	1,869	515	2,040
Defined pension benefits	138	89	121	167
Total (A)	**1,756**	**4,177**	**956**	**4,466**
Other Provisions				
Provision for site restoration (refer note below)	-	454	-	373
Total (B)		**454**	**-**	**373**
Total (A+B)	**1,756**	**4,631**	**956**	**4,839**

Movement in provision for site restoration	
As at 1 April 2017	**328**
Additional provisions recognised	45
As at 1 April 2018	**373**
Additional provisions recognised	81
As at 31 March 2019	**454**

The site restoration expense and decommissioning charges outflow is expected to be within a period of one to five years from date of balance sheet.

(All amounts in ₹ Lakhs unless otherwise stated)

Note 24 (continued)
(A) Defined Contribution Plans

The Group has certain defined contribution plans such as provident fund, employee state insurance, employee pension scheme, employee superannuation fund wherein specified percentage is contributed to them. During the year, the Group has contributed following amounts to:

Particulars	31 March 2019	31 March 2018
Employer's contribution to provident fund	690	615
Employer's contribution to employee's pension scheme	235	221
Employer's contribution to superannuation fund	554	505
Employer's contribution to employee state insurance	13	13

(B) Defined Benefit Plans
i. Gratuity

In accordance with Ind AS 19 "Employee Benefits", an actuarial valuation has been carried out in respect of gratuity. The discount rate assumed is 7.50% p.a. (31 March 2018: 7.50% p.a.) which is determined by reference to market yield at the Balance Sheet date on Government bonds. The retirement age has been considered at 60 years (31 March 2018: 60 years) and mortality table is as per IALM (2012-14) (31 March 2018: IALM (2006-08)).

The estimates of future salary increases, considered in actuarial valuation is 6% p.a. (31 March 2018: 5% p.a.), taking into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The plan assets are maintained with Life Insurance Corporation of India and India First Life Insurance in respect of gratuity scheme of the Group. The expected rate of return on plan assets is 7.50% p.a. (31 March 2018: 7.50% p.a.).

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

Particulars	31 March 2019	31 March 2018
Present value of obligation at the beginning of the year	6,399	5,536
Current service cost	515	524
Interest cost	449	398
Actuarial loss	612	159
Benefits paid	(666)	(218)
Present value of obligation at the end of the year	7,309	6,399

Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:

Particulars	31 March 2019	31 March 2018
Present value of obligation at the end of the year	7,309	6,399
Fair value of plan assets at the end of the year	4,232	3,820
Net (asset)/liabilities recognised in the Balance Sheet	3,077	2,579

Fair value of Plan assets :

Particulars	31 March 2019	31 March 2018
Plan assets at the beginning of the year	3,820	3,296
Expected return on plan assets	229	266
Contribution by employer	684	569
Actual benefits paid	(501)	(311)
Plan assets at the end of the year	4,232	3,820

Expense recognised in the Statement of Profit and Loss under employee benefits expense:

Particulars	31 March 2019	31 March 2018
Current service cost	515	524
Interest cost	449	398
Expense recognised in the Statement of Profit and Loss	964	922

Amount recognised in the other comprehensive income:

Particulars	31 March 2019	31 March 2018
Remeasurements Cost / (Credit)	612	157
Actuarial (gain)/loss on plan assets	62	(9)
Amount recognised in the Other Comprehensive Income	674	148

Remeasurements for the year (Actuarial (Gain) / Loss)

Particulars	31 March 2019	31 March 2018
Experience (Gain) / Loss on plan liabilities	167	156
Demographic (Gain) / Loss on plan liabilities	195	-
Financial (Gain) / Loss on plan liabilities	252	-
Experience (Gain) / Loss on plan assets	62	(20)
Financial (Gain) / Loss on plan assets	-	10

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(All amounts in ₹ Lakhs unless otherwise stated)

Note 24 (continued)
Categories of the fair value of total plan assets:

Particulars	31 March 2019	31 March 2018
Funds managed by insurer	4,232	3,820

Sensitivity analysis :

Particulars	31 March 2019		31 March 2019	
Assumptions	Discount rate		Future salary increase	
Sensitivity level	1.00% increase	1.00% decrease	1.00% increase	1.00% decrease
Impact on defined benefit (decrease)/increase	(308)	334	268	(252)

Particulars	31 March 2018		31 March 2018	
Assumptions	Discount rate		Future salary increase	
Sensitivity level	1.00% increase	1.00% decrease	1.00% increase	1.00% decrease
Impact on defined benefit	(346)	347	309	(285)

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant.

Maturity profile of defined benefit obligation (Gratuity) is as follows:

Particulars	31 March 2019	31 March 2018
Within the next 12 months (next annual reporting period)	1,459	848
Later than 1 year and not later than 5 years	4,943	3,793
Later than 5 year and not later than 9 years	5,047	4,746
Total expected payments	**11,449**	**9,387**

ii. Defined pension benefits

The Group has a Post Retirement Benefit plan, which is a defined benefit retirement plan, according to which executives superannuating from the service after ten years of service are eligible for certain benefits like medical, fuel expenses, telephone reimbursement, club membership etc. for specified number of years. The liability is provided for on the basis of an independent actuarial valuation.

In accordance with Ind AS 19 "Employee Benefits", an actuarial valuation has been carried out in respect of post retirement benefits. The discount rate assumed is 7.50% p.a. (31 March 2018: 7.50% p.a.) which is determined by reference to market yield at the Balance Sheet date on Government bonds. The retirement age has been considered at 60 years (31 March 2018: 60 years) and mortality table is as per IALM (2012-14) (31 March 2018: IALM (2006-08)).

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

Particulars	31 March 2019	31 March 2018
Present value of obligation at the beginning of the year	288	222
Current service cost	90	81
Interest cost	21	16
Actuarial loss	(154)	(10)
Benefits paid	(17)	(21)
Present value of obligation at the end of the year	228	288

Expense recognised in the Statement of Profit and Loss under employee benefits expense:

Particulars	31 March 2019	31 March 2018
Current service cost	90	81
Interest cost	21	16
Expense recognised in the Statement of Profit and Loss	111	97

Amount recognised in the other comprehensive income:

Particulars	31 March 2019	31 March 2018
Remeasurements Cost / (Credit)	(154)	(9)
Amount recognised in the Other Comprehensive Income	(154)	(9)

Sensitivity analysis :

Particulars	31 March 2019		31 March 2018	
Assumptions	Discount rate		Discount rate	
Sensitivity level	1.00% increase	1.00% decrease	1.00% increase	1.00% decrease
Impact on defined benefit	(48)	65	(64)	87

Note 25: TRADE PAYABLES

	31 March 2019	31 March 2018
Trade payables		
(a) total outstanding dues of micro and small enterprises	307	57
(b) total outstanding dues of creditors other than micro and small enterprises	148,092	90,841
Total	**148,399**	**90,898**

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Note 25 (continued)

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The amount of principal and interest outstanding during the year is given below :

	31 March 2019	31 March 2018
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount outstanding (whether due or not) to micro and small enterprises	307	57
- Interest due thereon	4	1
The amount of interest paid by the Group in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of payment made to the supplier beyond the appointed day during the year	1,843	44
Amount of interest due and payable on delayed payments	38	1
Amount of interest accrued and remaining unpaid as at year end	38	1
The amount of further interest remaining due and payable even in the succeeding year	-	-

Details of Micro and Small Enterprises as define under MSMED ACT, 2006

To comply with the requirement of The Micro, Small And Medium Enterprises Development Act, 2006, the Group requested its suppliers to confirm whether they are covered as Micro, Small or Medium enterprise as is defined in the said Act. Based on the communications received from such suppliers confirming their coverage as such enterprise, the Group has recognised them for the necessary treatment as provided under the Act, from the date of receipt of such confirmations.

Note 26: DEFERRED TAX ASSETS (NET)

The balance comprises temporary differences attributable to:	31 March 2019	31 March 2018
(a) Deferred tax assets	(59,103)	(57,151)
(b) Deferred tax liabilities	51,750	47,717
Net deferred tax assets	**(7,353)**	**(9,434)**

Movements during the year ended 31 March 2019:

	1 April 2018	Credit/(charge) in the statement of Profit and Loss	Credit/(charge) in the Other Comprehensive Income	31 March 2019
Property, plant and equipment, investment property and intangibles assets	47,717	4,033	-	51,750
Financial assets at fair value through profit or loss	(100)	(8)	(200)	(308)
Expenses allowable in the year of payment (section 43B of Income Tax Act 1961)	(2,711)	490	-	(2,221)
MAT credit	(4,392)	(587)	-	(4,979)
Others	(49,948)	(1,647)	-	(51,595)
Net deferred tax assets	**(9,434)**	**2,281**	**(200)**	**(7,353)**

Movements during the year ended 31 March 2018:

	1 April 2017	Credit/(charge) in the statement of Profit and Loss	Credit/(charge) in the Other Comprehensive Income	31 March 2018
Property, plant and equipment and investment property	42,091	5,626	-	47,717
Financial assets at fair value through profit or loss	(339)	309	(70)	(100)
Expenses allowable in the year of payment (section 43B of Income Tax Act 1961)	(2,084)	(627)	-	(2,711)
MAT credit	(1,105)	(3,287)	-	(4,392)
Others	(54,410)	4,462	-	(49,948)
Net deferred tax assets	**(15,847)**	**6,483**	**(70)**	**(9,434)**

Note 27: OTHER CURRENT LIABILITIES

	31 March 2019	31 March 2018
Advances from customers	821	2,896
Unclaimed dividend (#)	800	561
Statutory dues payable	9,589	7,368
Other payables	262	218
Total	**11,472**	**11,043**

(#) Rs.71 Lakhs (31 March 2018 Rs. 67 Lakhs) transferred to the Investor Education and Protection Fund during the year. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company except for Rs. 0.37 Lakhs (31 March 2018 Rs. 0.37 Lakhs), wherein legal disputes with regards to ownership have remained unresolved.

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Note 28: REVENUE FROM OPERATIONS

	31 March 2019	31 March 2018
Sale of products		
Finished goods	4,07,552	3,69,008
Traded goods	2,64,201	2,34,731
Power generated from windmills	818	711
Revenue from realty business	971	675
Other operating revenues	664	1,029
Total	**6,74,206**	**6,06,154**

Sales for the year ended 31 March 2018 include excise duty upto 30 June 2017 and hence figures are not comparable.

Contracts with customer

Particulars	31 March 2019
Revenue recognised from contracts with customers	6,74,206
Disaggregation of revenue	
Based on type of goods	
- Sale of chemicals	4,43,289
- Sale of fertilisers	2,27,280
- Sale of traded products - House Life	1,184
- Revenue from power generated from windmills	818
- Income from Realty Business	971
- Other operating revenues	664
Impairment losses recognised on receivables or contract assets arising from an entity's contracts with customers as at 31 March 2019	1,509

Details of contract balances:

Particulars	Year ended 31 March 2019
Opening balance of receivables	1,96,537
Closing balance of receivables	1,39,626
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	2,896
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-

There is no significant change in the contract asset and contract liabilities.

Performance obligations

The Group satisfies its performance obligations pertaining to the sale of products at point in time when the control of goods is actually transferred to the customers. No significant judgment is involved in evaluating when a customer obtains control of promised goods. The contract is a fixed price contract subject to refund due to shortages and discounts during the mode of transportation and do not contain any financing component. The payment is generally due within 30-90 days.
The Group is obliged for refunds due to shortages and discounts. There are no other significant obligations attached in the contract with customer.

Transaction price

There is no remaining performance obligation for any contract for which revenue has been recognised till period end. Further, the Group has not applied the practical expedient as specified in para 121 of Ind AS 115 as the Group do not have any performance obligations that has an original expected duration of one year or less or any revenue stream in which consideration from a customer corresponds directly with the value to the customer of the entity's performance completed to date.

(All amounts in ₹ Lakhs unless otherwise stated)

Determining the timing of satisfaction of performance obligations

There is no significant judgements involved in ascertaining the timing of satisfaction of performance obligations, in evaluating when a customer obtains control of promised goods, transaction price and allocation of it to the performance obligations.

Determining the transaction price and the amounts allocated to performance obligations

The transaction price ascertained for the only performance obligation of the Group (i.e. Sale of goods) is agreed in the contract with the customer. There is no variable consideration involved in the transaction price except for refund due to shortages and discounts which is adjusted with revenue.

Reconciliation of contract price with revenue recognised in statement of profit and loss:

Particulars	31 March 2019
Contract price	7,00,259
Less:	
Amount recognised as Discounts / shortages	26,053
Revenue recognised in statement of profit and loss	**6,74,206**

Cost to obtain contract or fulfil a contract

There is no cost incurred for obtaining or fulfilling a contract and there is no closing assets recognised from the costs incurred to obtain or fulfil a contract with a customer.

Note 29: OTHER INCOME

	31 March 2019	31 March 2018
Dividend income from Mutual Fund	122	2
Interest income	970	627
Fair value gain on financial assets mandatorily measured at fair value through profit or loss	145	40
Net gain on sale of investments	2,121	429
Other non-operating income	2,072	1,311
Total	**5,430**	**2,409**

Note 30: COST OF MATERIALS CONSUMED

	31 March 2019	31 March 2018
Raw materials as at the beginning of the year	22,115	7,144
Add: Purchases during the year	2,87,316	2,52,288
Less: Raw material as at the end of the year	25,895	22,115
Total	2,83,536	2,37,317

Note 31: PURCHASE OF STOCK-IN-TRADE

	31 March 2019	31 March 2018
Purchases of stock-in- trade	2,51,930	2,27,716
Total	2,51,930	2,27,716

Note 32: CHANGES IN INVENTORIES OF STOCK-IN-TRADE AND FINISHED GOODS

	31 March 2019	31 March 2018
Opening balance		
Finished goods	16,356	14,344
Stock-in-trade	20,647	13,258
Total opening balance	**37,003**	**27,602**
Closing balance		
Finished goods	29,842	16,356
Stock-in-trade	13,564	20,647
Total closing balance	**43,406**	**37,003**
(Increase)/ decrease in excise duty on stock of finished goods	(6,403)	(180)
Cost of Trial Run	-	42
Total changes in inventories of stock-in-trade and finished goods	**(6,403)**	**(9,539)**

Note 33: EMPLOYEE BENEFITS EXPENSES

	31 March 2019	31 March 2018
Salaries, wages and bonus	24,151	21,362
Contribution to provident fund & other funds	2,476	2,175
Staff welfare expenses	1,139	1,043
Total	**27,766**	**24,580**

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Note 34: FINANCE COSTS

	31 March 2019	31 March 2018
Interest and finance charges #	34,509	24,415
Less: Interest capitalised	(11,576)	(7,099)
Total	**22,933**	**17,316**

Includes exchange differences to the extent considered as an adjustment to borrowing cost Rs. 792 Lakhs (31 March 2018 Rs 1,346 Lakhs).

Note 35: DEPRECIATION AND AMORTISATION EXPENSE

	31 March 2019	31 March 2018
Depreciation on property, plant and equipment	16,523	15,733
Amortisation on intangible assets	623	590
Total	**17,146**	**16,323**

Note 36: OTHER EXPENSES (NET)

	31 March 2019	31 March 2018
Consumption of stores and spares	6,340	5,362
Power, fuel and water*	5,805	8,315
Repairs to :		
- Building	937	814
- Plant and machinery	6,608	5,130
- Others	1,037	1,134
Rent	2,500	2,123
Insurance	1,097	927
Rates, taxes and duties #	1,139	1,315
Travelling and conveyance	1,194	1,044
Legal and professional fees	6,444	3,172
Payments to auditors (note 37(a) below)	82	89
Directors' sitting fees	87	74
Carriage outward (net)	24,807	23,860
Loss on disposal of property, plant and equipment	70	112
Commission on sales	537	711
Sales and promotion expenses	1,656	1,485
Donations	250	-
Utility services	1,076	1,079
Communication expenses	285	283
Corporate social responsibility expenditure (note 37(b) below)	103	177
Foreign exchange fluctuations loss (net)	2,628	3,315
Miscellaneous expenses	6,762	4,373
Total	**71,444**	**64,894**

* net of reversal of MSEB electricity duty provision of Rs. 2,061 Lakhs (31 March 2018 : Nil)
# net of reversal of provision for penalty on entry tax Rs. 1,063 Lakhs (31 March 2018 : Nil)

Note 37(a): DETAILS OF PAYMENTS TO AUDITORS

	31 March 2019	31 March 2018
Payment to auditors		
As auditor:		
Audit fee	61	63
Tax audit fee	3	6
Certification fees in the capacity of statutory auditors	10	9
In other capacities		
Taxation matters	1	7
Re-imbursement of expenses	7	4
Total	**82**	**89**

Note 37(b): CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

	31 March 2019	31 March 2018
Contributions to Ishanya Foundation	61	153
Others	42	24
Total	**103**	**177**
Amount required to be spent as per Section 135 of the Act	388	345
Amount spent during the year on		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	103	177

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Note 38: FAIR VALUE MEASUREMENTS

(I) Financial instruments by category

	31 March 2019			31 March 2018		
	Fair value through P&L	**Fair value through OCI**	**Amortised cost**	**Fair value through P&L**	**Fair value through OCI**	**Amortised cost**
Financial assets						
Investments						
- Equity instruments, investments in subsidiaries other than associates and joint ventures	3	69	-	3	69	-
- Mutual funds	24,253	-	-	35,111	-	-
- Debt and Government securities	-	291	-	-	2,662	-
Trade receivables	-	-	1,39,626	-	-	1,96,537
Cash and cash equivalents	-	-	8,874	-	-	9,184
Other bank balances	-	-	2,749	-	-	847
Loans	-	-	174	-	-	453
- Derivative financial assets, not designated as hedges	8	-	-	635	-	-
- Security deposits	-	-	2,966	-	-	1,358
- Interest receivable	-	-	766	-	-	690
- Others	-	-	347	-	-	854
Total financial assets	**24,264**	**360**	**1,55,502**	**35,749**	**2,731**	**2,09,923**
Financial liabilities						
Borrowings	-	-	3,03,211		-	3,53,209
Trade payables	-	-	1,48,399	-	-	90,898
- Derivative financial liabilities, not designated as hedges	1,356	-	-	25	-	-
- Capital creditors	-	-	17,506	-	-	2,582
- Security deposits	-	-	5,308	-	-	4,135
- Interest accrued	-	-	879	-	-	593
- Others	-	-	2,409	-	-	21,638
Total financial liabilities	**1,356**	**-**	**4,77,712**	**25**	**-**	**4,73,055**

(ii) Fair value hierarchy

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required) :

The different levels have been defined as follows:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level-1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Financial assets and liabilities measured at fair value	31 March 2019				31 March 2018			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Investments at FVPL								
Equity instruments, investments in subsidiaries	3	-	69	72	3	-	69	72
Mutual funds - Growth plan	24,253	-	-	24,253	35,111	-	-	35,111
Financial Investments at FVOCI								
Debts & Government Securities	291	-	-	291	2,662	-	-	2,662
Derivatives not designated as hedges								
Foreign exchange forward contracts/options	-	8	-	8	-	635	-	635
Total financial assets	**24,547**	**8**	**69**	**24,624**	**37,776**	**635**	**69**	**38,480**
Financial liabilities								
Derivatives								
Foreign exchange forward contracts/option contracts	-	1,356	-	1,356	-	25	-	25
Total financial liabilities	**-**	**1,356**	**-**	**1,356**	**-**	**25**	**-**	**25**

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2019 and 31 March 2018

(iii) Valuation technique to determine fair value

The following methods and assumptions were used to estimate the fair values of financial instruments:

a) The management assessed that fair value of cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

b) The investments measured at fair value and falling under fair value hierarchy Level 3 are valued on basis of valuation reports provided by external valuers with the exception of certain investments, where cost has been considered as an appropriate estimate of fair value because of wide range of possible fair value measurements and cost represents the best estimate of fair values within that ranges.

c) The fair values of investments in mutual fund units is based on the net asset value (NAV) as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date, NAV represents the price at which the issuers will issue further units of mutual fund and the price at which issuers will redeem such units from investors.

d) The Group enters into derivative financial instruments with various counterparties, principally banks. The fair value of derivative financial instrument is based on observable market inputs including currency spot and forward rate, yield curves, currency volatility, credit quality of counterparties, interest rate and forward rate curves of the underlying instruments etc. and use of appropriate valuation models.

Note 39: FINANCIAL RISK MANAGEMENT

Risk management framework

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group, through three layers of defence namely policies and procedures, review mechanism and assurance aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit committee of the Board with top management oversee the formulation and implementation of the Risk management policies. The risk are identified at business unit level and mitigation plans are identified, deliberated and reviewed at appropriate forums.

The Group has exposure to the following risks arising from financial instruments:
- credit risk;
- liquidity risk; and
- market risk.

i. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, loans, investments and balances with banks.

The carrying amount of financial assets represents the maximum credit risk exposure.

Trade receivables and other financial assets

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and business intelligence. Sale limits are established for each customer and reviewed annually. Any sales exceeding those limits require approval from the appropriate authority as per policy.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a institutional, dealers or end-user customer, their geographic location, industry, trade history with the Group and existence of previous financial difficulties.

There is no substantial concentration of credit risk as the revenue and trade receivables from any of the single customer do not exceed 10% of Group revenue.

Expected credit loss for trade receivables:

The Group based on internal assessment which is driven by the historical experience/ current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is considered low. The Group estimates its allowance for trade receivable using lifetime expected credit loss. The balance past due for more than 6 month (net of expected credit loss allowance), Rs.4,770 Lakhs (31 March 2018: Rs.4,988 Lakhs). There is no concentration of credit risk in trade receivables either at 31 March 2019 or 31 March 2018.

Movement in the expected credit loss allowance of trade receivables are as follows:

	31 March 2019	31 March 2018
Balance at the beginning of the year	1,334	1,112
Add: Provided during the year (net of reversal)	175	222
Less: Amount written off	-	-
Balance at the end of the year	1,509	1,334

Expected credit loss on financial assets other than trade receivables:

With regards to all financial assets with contractual cash flows other than trade receivable, management believes these to be high quality assets with negligible credit risk. The management believes that the parties from which these financial assets are recoverable, have strong capacity to meet the obligations and hence the risk of default is negligible and accordingly there are no significant provisions for expected credit loss on these balance financial assets.

(All amounts in ₹ Lakhs unless otherwise stated)

ii. Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's treasury department is responsible for managing the short term and long term liquidity requirements. Short term liquidity situation is reviewed daily by treasury. Longer term liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation.

Exposure to liquidity risk
The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

31 March 2019	Carrying Amount	Payable within 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivatives financial liabilities					
Borrowings	3,01,602	1,22,561	58,941	1,20,100	3,01,602
Trade payables	87,633	87,633	-	-	87,633
Other financial liabilities	26,102	26,102	-	-	26,102
Total non-derivative liabilities	**4,15,337**	**2,36,296**	**58,941**	**1,20,100**	**4,15,337**
Derivatives financial liabilities					
Foreign exchange forward contracts	1,356	1,356	-	-	1,356
Borrowings	1,609	1,609	-	-	1,609
Trade payables	60,766	60,766	-	-	60,766
Total derivative liabilities	**62,375**	**62,375**	**-**	**-**	**62,375**

31 March 2018	Carrying Amount	Payable within 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	2,82,247	2,57,307	11,083	13,857	2,82,247
Trade payables	57,957	57,957	-	-	57,957
Other financial liabilities	28,948	28,948	-	-	28,948
Total non-derivative liabilities	**3,69,152**	**3,44,212**	**11,083**	**13,857**	**3,69,152**
Derivatives financial liabilities					
Foreign exchange contract used for hedging	25	25	-	-	25
- Borrowings	70,962	70,962	-	-	70,962
- Trade payables	32,941	32,941	-	-	32,941
Total derivative liabilities	**1,03,928**	**1,03,928**	**-**	**-**	**1,03,928**

iii. Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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Deepak Fertilisers and Petrochemicals Corpn. Ltd.

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Notes to the consolidated financial statements for the year ended 31 March 2019
(All amounts in ₹ Lakhs unless otherwise stated)

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the functional currency of the Group. The currencies in which the Group is exposed to risk are USD, AED and EUR.

The Group follows a natural hedge driven currency risk mitigation policy to the extent possible. Any residual risk is evaluated and appropriate risk mitigating steps are taken, including but not limited to, entering into forward contracts.

Exposure to currency risk

(i) The Group's exposure to foreign currency risk at the end of the reporting period is presented in Note no 44.

FOREIGN CURRENCY BALANCES OUTSTANDING

	AED in Lakhs	USD in Lakhs	EUR in Lkahs
Assets			
Exports Receivable			
31 March 2019	-	17	-
31 March 2018	-	23	-
Liabilities			
Trade Payable			
31 March 2019	270	985	6
31 March 2018	103	1,669	-
Net (payable)/receivable in Foreign Currency Lakhs			
31 March 2019	**(270)**	**(968)**	**(6)**
31 March 2018	**(103)**	**(1,646)**	**-**

(ii) The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and forward contracts.

	Impact on profit after tax	
	31 March 2019	31 March 2018
USD sensitivity		
Rs/USD -appreciated by 1% (31 March 2018-1%)	669	1,664
Rs/USD -depreciated by 1% (31 March 2018-1%)	(669)	(1,664)
AED sensitivity		
Rs/AED -appreciated by 1% (31 March 2018-1%)	(51)	(18)
Rs/AED -depreciated by 1% (31 March 2018-1%)	51	18
EUR sensitivity		
Rs/EUR-appreciated by 1% (31 March 2018-1%)	(5)	NIL
Rs/EUR-appreciated by 1% (31 March 2018-1%)	5	NIL

DEEPAK FERTILISERS AND PETROCHEMICALS CORPN. LTD. ★

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Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Group are principally denominated in rupees and US dollars with a mix of fixed and floating rates of interest. The Group has exposure to interest rate risk, arising principally on changes in base lending rate and LIBOR rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

Exposure to interest rate risk

The following table provides a break-up of the Group's fixed and floating rate borrowings:

	31 March 2019	31 March 2018
Variable rate borrowings	1,15,296	2,63,283
Fixed rate borrowings	1,87,915	89,926
Total borrowings	**3,03,211**	**3,53,209**

(ii) Sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for floating rate liabilities assuming the amount of the liability outstanding at the year-end was outstanding for the whole year.

If interest rates had been 50 basis points higher / lower and all other variables were held constant, the Group's profit for the year ended 31 March 2019 would decrease / increase by Rs. 576 Lakhs (for the year ended 31 March 2018: decrease / increase by Rs.1,303 Lakhs). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

Note 40 : Capital Management

(a) Risk Management

The Group's objectives when managing capital are to:
- safeguard its ability to continue as a going concern, so that its can continue to provide returns for its shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents and other bank balances) and divided by Total 'equity' (as shown in the Balance Sheet).
The gearing ratios were as follows:

	31 March 2019	31 March 2018
Net debt	2,91,588	3,43,178
Total equity	2,14,162	2,08,650
Net debt to equity ratio	**1.36**	**1.64**

(b) Dividends

Particulars	31 March 2019	31 March 2018
(i) Equity shares		
Final dividend for the year ended 31 March 2018 of Rs.6 per fully paid equity share	5,292	5,292
(ii) Dividend not recognised at the end of the reporting period	**5,292**	**5,292**
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of Rs.3 per fully paid equity share (31 March 2018 : Rs.6). The proposed dividend is subject to the approval of shareholders in the ensuring annual general meeting.	2,646	5,292

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Note 41 (a) : Names Of The Related Parties And Relationships

A Associates

1 Ishanya Brand Services Limited
2 Ishanya Realty Corporation Limited
3 Mumbai Modern Terminal Complex Private Limited
4 Desai Fruits and Vegetables Private Limited

B Jointly Controlled Entity

1 Yerrowda Investments Limited

C Key management personnel

(a) **Executive directors**
Mr Sailesh Chimanlal Mehta
Mr Yeshil Mehta

(b) **Non-executive directors**
Ms Parul Sailesh Mehta
Mr Partha Sarathi Bhattacharyya
Mr Rajendra Ambalal Shah
Mr Madhumilan Parshuram Shinde
Dr Tapan Kumar Chatterjee

Mr Raghuraman Sriraman (upto 27 Mar 2019)
Mr. Ashok P Shah
Mr. Raghunath Kelkar

Non-executive Independent directors
Mr Berjis Minoo Desai
Mr Ashok Kumar Purwaha
Mr Mahesh Ramchand Chhabria
Mr Sewak Ram Wadhwa (upto 18 Sept 2018)
Mr Anil Chandanmal Singhvi
Mr Urmilkumar Purushottamdas Jhaveri
Mr Anil Sachdev
Mr Pranay Dhansukhlal Vakil

(c) **Company Secretary**
Mr K Subharaman
Mr. Mandar Velankar (upto 10 May 2018)
Mr. Pankaj Gupta (From 29 May 2018)

(d) **Chief Finance Officer**
Mr. Amitabh Bhargava
Mr. Debasish Banerjee (upto 13 Apr 2018)

D Entities over which key managerial personnel are able to exercise significant influence:

1 Blue Shell Investments Private Limited
2 Nova Synthetic Limited
3 The Lakaki Works Private Limited
4 Superpose Credits And Capital Private Limited
5 Storewell Credits And Capital Private Limited
6 High Tide Investments Private Limited
7 Deepak Asset Reconstruction Private Limited
8 Mahadhan Investment and Finance Private Limited
9 Ishanya Foundation
10 Deepak Foundation
11 Mahadhan Farm Technologies Private Limited
12 Robust Marketing Services Private Limited
13 Crawford Bailey & Co.

E Relatives of Key Management Personnel

1 Mr Chimanlal Mehta
2 Ms. Rajvee Mehta

F Entities over which relatives of key managerial personnel are able to exercise significant influence:

1 Deepak Nitrite Limited

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DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION LIMITED
Note : 41(b) Consolidated Related Party transactions
(All amounts in ₹ Lakhs unless otherwise stated)

		31 March 2019						31 March 2018				
Sr. No.	Nature of Transactions	Jointly Controlled Entities	Key Management Personnel	Relatives of Key Management Personnel	Entities over which Key Management Personnel are able to exercise significant Influence	Enterprises Over Which Relatives of KMP are able To exercise significant influence	Total	Jointly Controlled Entities	Key Management Personnel	Entities over which Key Management Personnel are able to exercise significant Influence	Enterprises Over Which Relatives of KMP are able To exercise significant influence	Total
1	**Sale of goods**											
	Mahadhan Farm Technologies Private Limited	-	-	-	1303	-	1,303	-	-	698	-	698
	Deepak Nitrite Limited	-	-	-	-	8,970	8,970	-	-	-	7,443	7,443
2	**Rendering of services/reimbursement of expenses**											
	Ishanya Foundation	-	-	-	4	-	4	-	-	4	-	4
3	**Purchase of goods and services**											
	Mahadhan Farm Technologies Limited	-	-	-	(1902)	-	(1902)	-	-	(1578)	-	(1,578)
4	**Receiving of services/reimbursement of expenses**											
	M P Shinde	-	(18)	-	-	-	(18)	-	-	-	-	0
	Yerrowda Investments Limited	(31)	-	-	-	-	(31)	(86)	-	-	-	(86)
	Crawford Bailey & Co	-	-	-	(9)	-	(9)	-	-	-	-	0
	Ishanya Foundation	-	-	-	(1)	-	(1)	-	-	-	-	0
5	**Donation given**											
	Ishanya Foudation	-	-	-	(41)	-	(41)	-	-	(153)	-	(153)
6	**Remuneration (including perquisites)**											
	Mr. Sailesh Mehta	-	(398)	-	-	-	(398)	-	(656)	-	-	(656)
	Mr.Yeshil Mehta	-	(81)	-	-	-	(81)	-	(52)	-	-	(52)
	Mr. Vipin Agrawal	-	-	-	-	-	-	-	(97)	-	-	(97)
	Mr. Amitabh Bhargava	-	(189)	-	-	-	(189)	-	(76)	-	-	(76)
	Mr. Debashish Banerjee	-	(3)	-	-	-	(3)	-	(47)	-	-	(47)
	Mr. K Subharaman	-	(70)	-	-	-	(70)	-	(68)	-	-	(68)
	Mr. Mandar Velankar	-	(3)	-	-	-	(3)	-	(17)	-	-	(17)
	Mr. Pankaj Gupta	-	(40)	-	-	-	(40)	-	-	-	-	-
	Ms. Rajvee Sailesh Mehta	-	-	(14)	-	-	(14)	-	(4)	-	-	(4)
7	**Sitting Fees paid to Non -Executive Directors**	-	(79)	-	-	-	(79)	-	(73)	-	-	(73)
8	**Lease rental expenses**											
	Deepak Nitrite Ltd.	-	-	-	-	-	-	-	-	-	8	8
	Robust Marketing Services Private Limited	-	-	-	(66)	-	(66)	-	-	(66)	-	(66)
	Mr Sailesh Chimanlal Mehta	-	-	-	-	-	-	-	(16)	-	-	(16)
9	**Deposits for Renting of Premises**											
	Mr Sailesh Chimanlal Mehta	-	(1300)	-	-	-	(1300)	-	-	-	-	-
10	**Subscribtion to Share Warrant**											
	Robust Marketing Services Private Limited	-	-	-	5,000	-	5000	-		-		-

DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION LIMITED

Note : 41(b) Consolidated Related Party transactions

(All amounts in ₹ Lakhs unless otherwise stated)

		31 March 2019						31 March 2018				
Sr. No.	Nature of Transactions	Jointly Controlled Entities	Key Management Personnel	Relatives of Key Management Personnel	Entities over which Key Management Personnel are able to exercise significant Influence	Enterprises Over Which Relatives of KMP are able To exercise significant influence	Total	Jointly Controlled Entities	Key Management Personnel	Entities over which Key Management Personnel are able to exercise significant Influence	Enterprises Over Which Relatives of KMP are able To exercise significant influence	Total
11	**Amount outstanding**											
	Trade payables											
	Yerrowda Investments Limited	(21)	-	-	-	-	(21)	(54)	-	-	-	(54)
	M P Shinde	-	(1)	-	-	-	(1)	-	-	-	-	0
	Mahadhan Farm Technolgies Limited	-	-	-	37	-	37	-	-	-	(143)	(143)
	Commission payable											
	Shri S.C.Mehta	-	-	-	-	-	-	-	(312)	-	-	(312)
	Deposits for renting of premises											
	Mr Sailesh Mehta	-	1,500	-	-	-	1,500	-	200		-	200
	Robust Marketing Services Private Limited	-	-	-	650	-	650	-	-	653	-	653
	Trade receivables											
	Deepak Nitrite Ltd.	-	-	-	-	1,397	1,397	-	-	-	2,418	2,418
	Ishanya Foundation	-	-	-	-	-	-	-	-	1		1
	Money received against Share Warrants	-	-	-	(5,000)	-	(5,000)	-	-	-	-	-

Note : Figures in bracket are outflows.

All Transactions are in ordinary course of business and on an arm's length basis

(*) Includes transaction with enterprises over which relatives are able to exercise significant influence

Deepak Fertilisers And Petrochemicals Corporation Limited
(All amounts in ₹ Lakhs unless otherwise stated)

Note 42: CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	31 March 2019	31 March 2018
A. Contingent liabilities		
Claims by suppliers not acknowledged as debts	16,606	40,107
Income Tax Demands	7,514	7,890
Excise/Service Tax/Custom Demands* #	5,694	12,662
Sales Tax/ VAT Demands	6,608	4,454
Local Body Tax	1,193	-
Penalty on Entry Tax	1,551	-
Penalty Levied by Competition commission of India and contested by Parent Company	-	200
Total	**39,166**	**65,313**
B. Capital Commitments		
Related to Projects	76,146	31,396
Related to Realty	4,353	403
Total	**80,499**	**31,799**

*Includes customs duty demands amounting to Rs. Nil (31 March 2018 : Rs.9,347 Lakhs) on duty free import of fertiliser during the period 2005-06 to 2009-10. Under the applicable policy of Government on subsidy, any customs duty was to be reimbursed by the Government.

includes Rs.1,881 Lakhs (31 March 2018 : Rs.1,881 Lakhs) which pertains to service tax liabilities. Subsequent to the year end Parent Company has received a favourable order from CESTAT against which the department has not gone into appeal as of date.

Note 43: LEASES
The Group has taken premises on operating lease for a period of one to five years. The future lease payment of such operating lease is as follows:

	31 March 2019	31 March 2018
Minimum Lease rental payable		
Not later than 1 year	2,021	539
Later than 1 year and not later than 5 years	3,335	133
Total	**5,356**	**672**

Note 44: FOREIGN CURRENCY BALANCES OUTSTANDING

	31 March 2019		31 March 2018	
	Amount in Foreign Currency	Equivalent Amount (in Lakhs)	Amount in Foreign Currency Lakhs	Equivalent Amount (in Lakhs)
Hedged Position				
Creditors (in USD)	879	60,766	477	31,124
Creditors (in AED)	-	-	102	1,816
Buyers Credit (in USD)	23	1,609	1,089	70,962
Un-hedged Position				
Creditors (in USD)	83	5,743	104	6,807
Creditors (in AED)	270	5,071	103	1,823
Creditors (in EURO)	6	464	-	-
Buyers Credit (in USD)	-	-	16	1,047
Exports receivable (in USD)	17	1,176	23	1,482
Bank Balance (in USD)	-	-	-	9

*The above transactions are hedged by following derivative contracts

	31 March 2019		31 March 2018	
Particulars	Amount in Foreign Currency	Equivalent Amount (in Lakhs)	Amount in Foreign Currency Lakhs	Equivalent Amount (in Lakhs)
Forward Contracts -USD	173	11,944	1,035	67,436
Forward Contracts -AED	-	-	102	1,816
Options Contracts - USD	729	50,431	532	34,650
Total	**902**	**62,375**	**1,669**	**1,03,902**

The Group has chosen to not designate the foreign exchange forward contracts and options contracts as hedges under IND AS 109

Unhedged Foreign Currency exposure is as under

Particulars	31 March 2019	31 March 2018
Payables	11,278	9,677
Receivables	1,176	1,482

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(All amounts in ₹ Lakhs unless otherwise stated)

Note 45: INCOME TAXES

A. Components of Income Tax Expenses	31 March 2019	31 March 2018
I. Tax expense recognised in the statement of profit and loss		
Current Tax		
Current Year	1,351	4,849
Adjustments/(credits) related to previous year - (net)	-	(800)
MAT Credit entitlement	-	(1,700)
Total (A)	**1,351**	**2,349**
Deferred tax charge/(credit)	2,281	4,290
Total (B)	**2,281**	**4,290**
Total (A+B)	**3,632**	**6,639**
II. Tax on Other Comprehensive Income		
Deferred Tax		
(Gain)/Loss on remeasurement of net defined benefit plans	182	48
(Gain)/Loss on debt instruments through other comprehensive incon	18	33
Total	**200**	**81**

Reconciliation of tax expense and accounting profit

Particulars	31 March 2019	31 March 2018
Profit before tax	11,284	23,288
Income tax expense calculated at (Company's domestic tax rate) 34.944% (31 March 2018: 34.608%) (A)	**3,943**	**8,060**
Effects of income not subject to tax		
- Profit from power generation division	(182)	(182)
- Dividend income	(36)	-
Effects of non-deductible business expenses	261	58
Reversal of earlier year tax provision	79	(800)
Others	(433)	(497)
Total (B)	**(311)**	**(1,421)**
Income Tax expense reported in the statement of profit or loss (	**3,632**	**6,639**

Note 46

The Department of Fertilisers (DoF), Ministry of Chemicals and Fertilisers, had withheld subsidy, due to the Group in accordance with applicable Nutrient Based Subsidy (NBS) scheme of GOI, alleging undue gain arising to the Group on account of supply of cheap domestic gas since challenged by the Group before the Honourable High Court of Bombay. Based on the directive of the Honourable Court, DoF agreed to release subsidy withheld except a sum of Rs. 31052 lakhs pending final decision, which has been released during the month of January 2018 against a Bank Guarantee of equal amount.

Note 47

During the current year, the managerial remuneration (based only on fixed component) paid by the Parent Group to its Chairman & Managing Director is in excess of the limits laid down under section 197 of the Companies Act, 2013 read with Schedule V to the Act by Rs. 249 Lakhs. The Parent Group is in the process of obtaining approval from its shareholders at the forthcoming Annual General Meeting for such excess remuneration paid.

Note 48

The Income Tax Department carried out a Search and Seizure operation in Group's Office premises and plants during the period from 15 November 2018 to 21 November 2018 under section 132 and section 133A of the Income Tax Act, 1961.

The Management has provided the requisite information to the income tax authorities and responded to questions that were posed during and after the search period. No demand notices have been issued to the Group as of 30 May 2019.

Management is of the view that the search and seizure will not have any significant impact on the Group's financial position and results as at and for the year ended 31 March 2019 and hence no provision has been established in the financial statements.

Note 49

i) MAT credit entitlement is regrouped with deferred tax liabilities (net) in the balance sheet (refer Note 26). Consequently, previous year comparative amounts of MAT credit entitlement of Rs. 1,587 Lacs which were classified under Income tax assets have been regrouped under deferred tax liabilities (net). The correction resulted in decrease in income tax assets and deferred tax liabilities by Rs. 1,587 Lacs as at 31 March 2018.

ii) Employee liabilities and capital creditors have been classified as other financial liabilities (refer Note 23). Consequently, previous year comparative amounts of employee liabilities of Rs. 1,417 Lacs and capital creditors of Rs. 439 Lacs which were classified under other current liabilities have been regrouped under other financial liabilities.

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Deepak Fertilisers and Petrochemicals Corpn. Ltd.

Deepak Fertilisers And Petrochemicals Corporation Limited
(All amounts in ₹ Lakhs unless otherwise stated)

Note 50 : Consolidated Segment Reporting

Sr No	PARTICULARS	CHEMICALS	FERTILISERS	REALTY	OTHERS	ELIMINATIONS	COMMON	TOTAL
1	**Revenue**							
	a) External Sales							
	I) Manufactured & Traded	**4,43,354**	**2,27,214**	**2,155**	**818**	-	-	**6,73,541**
	Previous Year	*4,22,137*	*1,80,592*	1,685	*711*	-	-	6,05,125
	b) Inter-segment sales	-	-	-	-	-	-	-
	Previous Year	-	-	-	-	-	-	-
	c) Other operating income	**599**	**66**			-	-	**665**
	Previous Year	*911*	*118*			-	-	1,029
	d) Unallocated Corporate other income	-	-		-	-	**5,430**	**5,430**
	Previous Year	-	-		-	-	*2,408*	2,408
	Total Revenue	**4,43,953**	**2,27,280**	**2,155**	**818**	-	**5,430**	**6,79,636**
	Previous Year	*4,23,048*	*1,80,710*	*1,685*	*711*	-	*2,408*	*6,08,562*
2	**Segment Result**	**51,725**	**(3,886)**	**(1,572)**	**421**	-	**5,430**	**52,118**
	Previous Year	*51,335*	3,674	*(1,596)*	*323*	-	*2,408*	56,144
3	**Interest expense**	-	-	-	-	-	**22,933**	**22,933**
	Previous Year	-	-	-	-	-	*17,316*	17,316
4	**Unallocated Corporate expenses**	-	-	-	-	-	**17,901**	**17,901**
	Previous Year	-	-	-	-	-	*15,540*	15,540
5	**Net profit**	-	-	-	-	-	-	**11,284**
	Previous Year	-	-	-	-	-	-	23,288
6	**Other Information**							
	a) Segment Assets	**3,36,640**	**2,28,313**	**21,884**	**1,960**	-	**1,22,964**	**7,11,761**
	Previous Year	*3,17,714*	*1,74,726*	*23,568*	*2,726*	-	*1,80,411*	*6,99,145*
	b) Segment Liabilities	**2,74,867**	**2,01,311**	**2,406**	**3**	-	**19,012**	**4,97,599**
	Previous Year	*1,55,159*	*1,36,459*	*993*	*46*	-	*1,97,838*	*4,90,495*
	c) Capital Expenditure incurred during the year	**35,406**	**10,932**	-	-	-	**3,815**	*50,153*
	Previous Year	*36,840*	*4,634*	*971*			*9,698*	*52,143*
	d) Depreciation/ Amortisation	**8,355**	**4,839**	**1,053**	225	-	**2,674**	*17,146*
	Previous Year	*9,092*	*5,037*	*1,114*	*225*		*855*	*16,323*

Segment information

1. Primary segment reporting (by business segments)

Composition of business segment

Segment	Products covered
a) Chemicals	Ammonia, Methanol, DNA, C NA, CO2, TAN, IPA, Propane, Bulk and Speciality Chemicals
b) Bulk Fertilisers	NP, MOP, DAP, Ammonium Sulphate, Mixtures, SSP, Sulphur, Micronutrients, SSF, Bio Fertilisers, Fruits,Vegetables, Pesticides
c) Realty	Real Estate Business
d) Others	Windmill Power

2 Secondary Segment Information: There are no reportable geographical segments since the Group caters mainly to needs of Indian Markets.

Notes 3 to 50 form an integral part of the standalone financial statements.

DEEPAK FERTILISERS AND PETROCHEMICALS CORPN. LTD.

S R B C & Associates LLP
7th, 8th Floor,
Westin Hotel Campus
36/3-B, Koregaon Park
Annex, Mundhwa
Road, Ghorpadi
Pune-411001
India
Chartered Accountants

DECLARATION

Our Company certifies that all relevant provisions of Chapter VI read with Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on the Company's business have been obtained, are currently valid and have been complied with. The Company further certifies that all the statements in this Placement Document are true and correct.

Signed by:

Sailesh Chimanlal Mehta
Chairperson and Managing Director

Date: October 22, 2021
Place: Pune

DECLARATION

We, the Board of Directors of the Company certify that:

(i) the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules thereunder, does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the Issue shall be used only for the purposes and objects indicated in the Placement Document (which includes disclosures prescribed under Form PAS-4).

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

Signed by:

____

Sailesh Chimanlal Mehta
Chairperson and Managing Director

Date: October 22, 2021
Place: Pune

I am authorized by the Securities Issue Committee of the Board of Directors of the Company, *vide* resolution dated October 22, 2021, to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoter subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

____

Sailesh Chimanlal Mehta
Chairperson and Managing Director

____

Ritesh Chaudhary
Company Secretary

Date: October 22, 2021
Place: Pune

DEEPAK FERTILISERS AND PETROCHEMICAL CORPORATION LIMITED

Registered Office & Corporate Office: Sai Hira, Survey No. 93, Mundhwa, Pune - 411 036, Maharashtra, India
Telephone: +91 20 6645 8000
Email: investorgrievance@dfpcl.com
Website:www.dfpcl.com
CIN: L24121MH1979PLC021360

Company Secretary
Ritesh Chaudhary
Sai Hira, Survey No. 93
Mundhwa, Pune - 411 036
Telephone: +91 20 6645 8094
E-mail Id: investorgrievance@dfpcl.com

BOOK RUNNING LEAD MANAGER

IIFL Securities Limited
10th Floor, IIFL Centre
Kamala City, Senapati Bapat Marg
Lower Parel (West), Mumbai 400 013
Maharashtra, India

STATUTORY AUDITORS OF OUR COMPANY

P G Bhagwat LLP, Chartered Accountants
102, Orchard, Dr. Pai Marg,
Baner, Pune - 411 045
Maharashtra, India

INDIAN LEGAL COUNSEL TO THE ISSUE

J. Sagar Associates
Vakils House,
18 Sprott Road
Ballard Estate,
Mumbai 400 001

INTERNATIONAL LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGER WITH RESPECT TO SELLING AND TRANSFER RESTRICTIONS

Hogan Lovells Lee & Lee
50 Collyer Quay, #10-01 OUE Bayfront,
Singapore – 049 321

SAMPLE APPLICATION FORM

An indicative format of the Application Form is set forth below.

(Note: The format of the Application Form included herein below is for reference and for the purposes of compliance with applicable law only, and no Bids in this Issue should have been made through the sample Application Form. The Company, in consultation with the Book Running Lead Manager, had identified Eligible QIBs and circulated serially numbered copies of the Preliminary Placement Document and the Application Form, specifically addressed to such Eligible QIBs. Any application to be made in the Issue should have been made only upon receipt of serially numbered copies of the Preliminary Placement Document and the Application Form, and not on the basis of the indicative format below):

DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION LIMITED **DEEPAK FERTILISERS AND PETROCHEMICAL CORPORATION LIMITED** **Registered Office & Corporate Office**: Sai Hira, Survey No. 93, Mundhwa, Pune - 411 036 **Telephone**: +91 20 6645 8000 | **Email**: investorgrievance@dfpcl.com | **Website**:www.dfpcl.com **CIN:** L24121MH1979PLC02136 | **LEI**: 335800L8H93YOMVGIS05	**APPLICATION FORM** Name of Bidder: __________________ Form No: ________________________ Date: ____________________________

QUALIFIED INSTITUTIONS PLACEMENT OF [●] EQUITY SHARES OF FACE VALUE ₹10 EACH (THE "EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE ("ISSUE PRICE") INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE AGGREGATING TO APPROXIMATELY ₹ [●] LAKHS UNDER CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED (THE "COMPANIES ACT"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES"), AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND THE RULES MADE THEREUNDER BY DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION LIMITED (THE "COMPANY") (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹ [●] AND OUR COMPANY MAY OFFER A DISCOUNT OF UP TO [●]% ON THE FLOOR PRICE, AS APPROVED BY THE SHAREHOLDERS.

Only Qualified Institutional Buyers ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which (i) are not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; (b) restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws; (c) hold a valid and existing registration under the applicable laws in India (as applicable); and (d) are eligible to invest in the Issue and submit this Application Form, and (ii) are residents in India or Eligible FPIs (as defined herein below) participating through Schedule II of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 ("FEMA Rules"), defined hereinafter or a multilateral or bilateral development financial institution eligible to invest in India under applicable law including the FEMA Rules; can submit this Application Form. The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or any other applicable state securities laws of the United States and, unless so registered, may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in 'offshore transactions' as defined in, and in reliance on, Regulation S under the U.S. Securities Act ("Regulation S") and the applicable laws of the jurisdiction where those offers and sales are made. You should note and observe the selling and transfer restrictions contained in the sections entitled "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" in the accompanying preliminary placement document dated October 19, 2021 (the "PPD").

ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE IN THIS ISSUE, THROUGH SCHEDULE II OF THE FEMA RULES, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. PURSUANT TO PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020 AND THE CONSOLIDATED FDI POLICY, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA, AND RULE 6 OF THE FEMA, RULES INVESTMENTS BY AN ENTITY OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA OR WHERE THE BENEFICIAL OWNER OF SUCH INVESTMENT IS SITUATED IN OR IS A CITIZEN OF SUCH COUNTRY, MAY ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE. ALLOTMENTS MADE TO AIFS AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY, INCLUDING THE FEMA RULES. OTHER ELIGIBLE NON-RESIDENT QIBS SHALL PARTICIPATE IN THE ISSUE UNDER SCHEDULE I OF FEMA RULES. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE.

To,

The Board of Directors
DEEPAK FERTILISERS AND PETROCHEMICAL CORPORATION LIMITED
Sai Hira, Survey No. 93,
Mundhwa, Pune - 411 036

Dear Sirs,

On the basis of the serially numbered PPD of the Company and subject to the terms and conditions contained therein, and in this Application Form, we hereby submit our Application Form for the Allotment of the Equity Shares in the Issue, at the terms and price indicated below. We confirm that we are an eligible QIB as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; and (b) restricted from participating in the Issue under the applicable laws, including SEBI ICDR Regulations. We are not a promoter of the Company (as defined in the SEBI ICDR Regulations), or any person related to the promoter of the Company, directly or indirectly. Further, we confirm that we do not have any right under a shareholders' agreement or voting agreement entered into with promoter or persons related to promoter of the Company, veto rights or right to appoint any nominee director on the board of directors of the Company. We confirm that we are either a QIB which is resident in India, or an Eligible FPI, participating through Schedule II of the FEMA Rules. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020 read with the Consolidated FDI Policy. We confirm that we are neither an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules, nor an FVCI.

STATUS (Please ✓)			
FI	Scheduled Commercial Banks and Financial Institutions	**AIF**	Alternative Investment Fund*
MF	Mutual Funds	**IF**	Insurance Funds
FPI	Foreign Portfolio Investors**	**NIF**	National Investment Fund
VCF	Venture Capital Funds	**SI-NBFC**	Systemically Important Non-Banking Financial Companies
IC	Insurance Companies	**OTH**	Others __________________ (Please specify)

Total shares currently held by QIB or QIBs belonging to the same group or those who are under common control. For details of what constitutes "same group" or "common control", see "*Application Form*" under Issue Procedure section of the PPD.
** Sponsor and Manager should be Indian owned and controlled.*
***Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended, other than individuals, corporate bodies and family offices who are not allowed to participate in the Issue*

We confirm that the Bid size / aggregate number of the Equity Shares applied for by us, and which may be Allocated to us thereon will not exceed the relevant regulatory or approved limits and further confirm that our Bid will not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**").We confirm, that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations. We confirm that, in relation to our application, each foreign portfolio investor ("**FPI**") as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (other than individuals, corporate bodies and family offices), and including persons who have been registered under these regulations (such FPIs, "**Eligible FPIs**"), have submitted a separate Application Form, and asset management companies of mutual funds have specified the details of each scheme for which the application is being made along with the Bid Amount and number of shares to be Allotted under each scheme. We undertake that we will sign all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allotted to us. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant authorisations. We note that the Company is entitled, in consultation with IIFL Securities Limited (the "**BRLM**"), in their sole discretion, to accept or reject this Application Form without assigning any reason thereof.

We hereby agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD, Placement Document and the CAN, when issued and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below, subject to receipt of Application Form and the Bid Amount towards the Equity Shares that may be allocated to us. The amount payable by us as Bid Amount for the Equity Shares applied for has been/will be remitted to the designated bank account set out in this Application Form through electronic mode, along with this Application Form prior to the Bid/Issue Closing Date and such Bid Amount has been /will be transferred from a bank account maintained in our name. We acknowledge and agree that we shall not make any payment in cash or cheque. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole discretion of the Company, in consultation with the BRLM; and (ii) in the event that Equity Shares that we have applied for are not Allotted to us in full or at all, and/or the Bid Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or the Company is unable to issue and Allot the Equity Shares offered in the Issue or if there is a cancellation of the Issue, or the listing of the Equity Shares does not occur in the manner described in the PPD, the Placement Document, the SEBI ICDR Regulations and other applicable laws, the Bid Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Bid Amount was paid by us. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and transferability requirements. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in and transferability requirements, as may be applicable to us.

We acknowledge and agree that (i) our names, address, contact details, PAN, bank account details and the number of Equity Shares Allotted, along with other relevant information as may be required, will be recorded by the Company in the format prescribed in terms of the PAS Rules; (ii) in the event that any Equity Shares are Allocated to us in the Issue, we are aware pursuant to the requirements under Form PAS-4 of the PAS Rules that our names (as proposed Allottees) and the percentage of our post-Issue shareholding in the Company will be disclosed in the Placement Document, and we are further aware that disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the BRLM; and; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Company will place our name in the register of members of the Company as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Company with the Registrar of Companies, Maharashtra (the "**RoC**") as required in terms of the PAS Rules. Further, we are aware and agree that if we, together with any other QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in the Issue, the Company shall be required to disclose our name, along with the names of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the websites of the National Stock Exchange of India Limited and BSE Limited (together, the "**Stock Exchanges**"), and we consent to such disclosures. In addition, we confirm that we are eligible to invest in Equity Shares under the SEBI ICDR Regulations, circulars issued by the RBI and other applicable laws.

By signing and submitting this Application Form, we hereby confirm and agree that the representations, warranties, acknowledgements and agreements as provided in the sections "Notice to Investors", "Representations by Investors", "Issue Procedure" and "Selling Restrictions" sections of the PPD and the terms, conditions and agreements mentioned herein are true and correct and acknowledge and agree that these representations and warranties are given by us for the benefit of the Company and the BRLM, each of whom is entitled to rely on, and is relying on, these representations and warranties in consummating the Issue.

By signing and submitting this Application Form, we hereby represent, warrant, acknowledge and agree as follows: (1) we have been provided with a serially numbered copy of the PPD along with the Application Form, have read it in its entirety including in particular, the section "Risk Factors" therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the BRLM or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document, this Application Form, the confirmation of allocation note ("**CAN**"), when issued, and the terms, conditions and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Bid/Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges; (6) Equity Shares shall be Allocated and Allotted at the discretion of the Company, in consultation with the BRLM, and the submission of this Application Form and payment of the corresponding Bid Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) in terms of the requirements of the Companies Act, upon Allocation, the Company will be required to disclose names and percentage of our post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the BRLM; (8) the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control as us, shall not exceed 50% of the Issue and we shall provide all necessary information in this regard to the Company and the BRLM. For the purposes of this representation: The expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations, i.e., entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, among the Eligible QIBs, its subsidiary or holding company and any other QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations; (9) We agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD and the Placement Document, this Application Form, the CAN upon its issuance and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below.

By signing and submitting this Application Form, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares. No action has been taken by us or any of our affiliates or representatives to permit a public offering of the Equity Shares in any jurisdiction. We satisfy any and all relevant suitability standards for investors in Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in Equity Shares and are able to sustain a complete loss of our investment in the Equity Shares. We acknowledge that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account (as detailed below), such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB.

We acknowledge that the Equity Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. **By signing this Application Form and checking the applicable box above, we hereby represent, warrant, acknowledge and agree that we are located outside the United States and purchasing the Equity Shares in an 'offshore transaction' as defined in, and in reliance on, Regulation S and the applicable laws of the jurisdiction where those offers and sales are made.**

<table>
<tr><th colspan="5">BIDDER DETAILS (in Block Letters)</th></tr>
<tr><td>NAME OF BIDDER*</td><td colspan="4"></td></tr>
<tr><td>NATIONALITY</td><td colspan="4"></td></tr>
<tr><td>REGISTERED ADDRESS</td><td colspan="4"></td></tr>
<tr><td>CITY AND CODE</td><td colspan="4"></td></tr>
<tr><td>COUNTRY</td><td colspan="4"></td></tr>
<tr><td>TELEPHONE NO.</td><td colspan="2"></td><td>FAX.</td><td></td></tr>
<tr><td>EMAIL</td><td colspan="4"></td></tr>
<tr><td>LEI</td><td colspan="4"></td></tr>
<tr><td>FOR ELIGIBLE FPIs**</td><td>Registration Number:</td><td colspan="2">For AIFs***/ MFs/ VCFs***/ SI-NBFCs/ ICs</td><td>Registration Number:</td></tr>
</table>

**Name should exactly match with the name in which the beneficiary account is held. Bid Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund Bidders are requested to provide details of the Bids made by each scheme of the Mutual Fund. Each Eligible FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Issuer and the BRLM.*
***In case you are an FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.*
****Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.*

We are aware that the number of Equity Shares in the Company held by us, together with the number of Equity Shares, if any, Allocated to us in the Issue will be aggregated to disclose the percentage of our post-Issue shareholding in the Company in the Placement Document in line with the requirements under Form PAS-4 of the PAS Rules. For such information, the BRLM will rely on the information provided by the Registrar for obtaining details of our shareholding and we consent and authorize such disclosure in the Placement Document.

ESCROW ACCOUNT - BANK ACCOUNT DETAILS FOR PAYMENT OF AMOUNT THROUGH ELECTRONIC FUND TRANSFER REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER BY 1.00 P.M. (IST), October 22, 2021, Friday	
Name of the Account	DEEPAK FERTILIZERS AND PETROCHEMICALS CORPORATION LIMITED – QIP ESCROW ACCOUNT
Name of the Bank	Axis Bank Limited
Address of the Branch of the Bank	201/D/1, Gr, 1st & 2nd Floor, Indra Pusti, Fergusson College Road, Pune, 411-004, Maharashtra, India
Account Type	Current
Account Number	921020042540957
IFSC	UTIB0000037
Tel No.	+91 88069 00371
E-mail	pune.branchhead@axisbank.com

The Bid Amount should be transferred pursuant to the Application Form. All payments must be made only by way of electronic funds transfer, in favour of "*DEEPAK FERTILIZERS AND PETROCHEMICALS CORPORATION LIMITED – QIP ESCROW ACCOUNT*". Payment of the entire Bid Amount should be made along with the Application Form on or before the closure of the Bid/Issue Period, i.e., prior to the Bid/Issue Closing Date. **The payment for subscription to the Equity Shares Allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form.**

DEPOSITORY ACCOUNT DETAILS									
Depository Name(Please ✓)	National Security Depository Limited								Central Depository Services (India) Limited
Depository Participant Name									
DP – ID	I	N							
Beneficiary Account Number									(16 digit beneficiary account. No. to be mentioned above)
The Demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. **However, for the purpose of refund, if any, only the bank details as mentioned below, from which remittance towards subscription has been made, will be considered.**									

The Bidders are responsible for the accuracy of the bank account details mentioned below and acknowledge that the successful processing of refunds if, any, shall be dependent on the accuracy of the bank account details provided by them. The Company and the BRLM shall not be liable in any manner for refunds that are not processed due to incorrect bank account details.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	
NO. OF EQUITY SHARES BID		**BID AMOUNT PER EQUITY SHARE (RUPEES)**	
(In figures)	(In words)	(In figures)	(In words)

DETAILS OF CONTACT PERSON			
NAME			
ADDRESS			
TEL. NO.		**FAX NO.**	
EMAIL			

OTHER DETAILS	
PAN*	
Date of Application	
Signature of Authorised Signatory (may be signed either physically or digitally)	

ENCLOSURES ATTACHED

Attested/ certified true copy of the following:

- ☐ Copy of PAN Card or PAN allotment letter
- ☐ Copy of FPI Registration Certificate /MF Registration certificate / SEBI certificate of registration for AIFs/VCF/SI-NBFC/IC/IF
- ☐ Certified copy of the certificate of registration issued by the RBI as an SI-NBFC/ a Scheduled Commercial Bank
- ☐ Copy of notification as a public financial institution
- ☐ FIRC
- ☐ Copy of IRDAI registration certificate
- ☐ Intimation of being part of the same group
- ☐ Certified true copy of Power of Attorney
- ☐ Other, please specify

**It is to be specifically noted that the Bidder should not submit the GIR Number or any other identification number instead of the PAN as the applications are liable to be rejected on this ground, unless the Bidder is exempted from the requirement of obtaining a PAN number under the Income-tax Act, 1961.*

Note:

(1) Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD, unless specifically defined herein.

(2) The application form is liable to be rejected if any information provided is incomplete or inadequate at the discretion of the Company in consultation with the BRLM.

(3) This Application Form, the PPD and the Placement Document sent to you/ be sent to you, either in physical form or both, are specific to you and you may not distribute or forward the same and are subject to disclaimer and restrictions contained in or accompanying these documents.